



Department  
for Education

# **Action Plan: Small and Medium Sized Enterprises**

**2022-2025**

**November 2022**

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## Ministerial Foreword from Baroness Barran

Baroness Barran is Parliamentary Under Secretary of State (Minister for the School System)



[Baroness Barran - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/people/baroness-barran)

Government is committed to supporting small businesses and social enterprises through procurement and aims to increase spend with Small and Medium Enterprises (SMEs), including charities, social enterprises and mutuals. Supplier diversity is key to a healthy marketplace, creating opportunities for entrepreneurship, supporting economic growth and business creation. The Department for Education (DfE) understands the challenges and barriers faced by suppliers, especially smaller businesses, when contracting with government departments and is committed to tackling them.

The DfE published our first SME Action Plan in 2019. In our 2022-25 SME Action Plan we set out the progress we have made so far and outline how we will further improve SME engagement to ensure that we are giving smaller businesses every opportunity to bid for and win DfE contracts.

**Baroness Barran**

## Foreword from Jenny Williams

Jenny Williams is Chief Commercial Officer for the Department for Education



There are 5.7 million SMEs in the UK, with SMEs representing 99% of all businesses in the UK. SMEs are fundamental to economic growth, diversifying our supply chains, increasing productivity and driving innovation.

I am proud of the progress made and the work that the department continues to do to support the SME agenda, improving outcomes and making every pound of our procurement spend count.

This Action Plan sets out our commercial aims, objectives and key priorities for 2022-2025. Through the actions outlined in this plan we seek to ensure that our procurement processes are open and transparent, that we maximise opportunity and encourage competition in our procurement opportunities.

**Jenny Williams**

## Summary

This publication has been produced to outline how the department will meet the government's commitment to spend more with SMEs, either directly or indirectly through the supply chain.

Our aim is to maximise opportunities for SMEs and Voluntary, Community and Social Enterprises (VCSEs) to participate in our procurement opportunities, by encouraging competition and reducing barriers to participation wherever possible. Feedback we have received tells us that the barriers to participating in public procurement opportunities faced by SMEs and VCSEs includes:

- limited visibility of opportunities
- complex procurement processes or documentation
- insufficient market engagement
- unnecessary criteria which exclude SMEs, for example the financial thresholds required are too high
- short procurement timescales

This action plan seeks to outline the strategy the department will take to address these.

## Review date

This publication will be reviewed before November 2023.

## Who is this publication for?

This publication is for:

- SMEs
- VCSEs
- suppliers
- interested parties

## What is an SME?

The UK government currently uses the following definition of SMEs.

SMEs are defined in the [EU recommendation 2003/361](#) and the category is made up of enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding EUR 50 million, and/or an annual balance sheet total not exceeding EUR 43 million.

Within the SME category, a small enterprise is defined as an enterprise which employs fewer than 50 persons and whose annual turnover and/or annual balance sheet total does not exceed EUR 10 million.

Within the SME category, a microenterprise is defined as an enterprise which employs fewer than 10 persons and whose annual turnover and/or annual balance sheet total does not exceed EUR 2 million.

Company category	Staff headcount	Turnover	or	Balance sheet total
Medium-sized	< 250	≤ € 50 m		≤ € 43 m
Small	< 50	≤ € 10 m		≤ € 10 m
Micro	< 10	≤ € 2 m		≤ € 2 m

These ceilings apply to the figures for individual enterprises only. An enterprise that is part of a larger group may need to include staff headcount/turnover/balance sheet data from that group too. The [SME self-assessment tool](#) can be used to determine whether your organisation qualifies as a small and medium-sized enterprise.

Throughout this document any reference to “SME”, “smaller supplier” or similar should be taken to refer to this definition.

# About the Department for Education

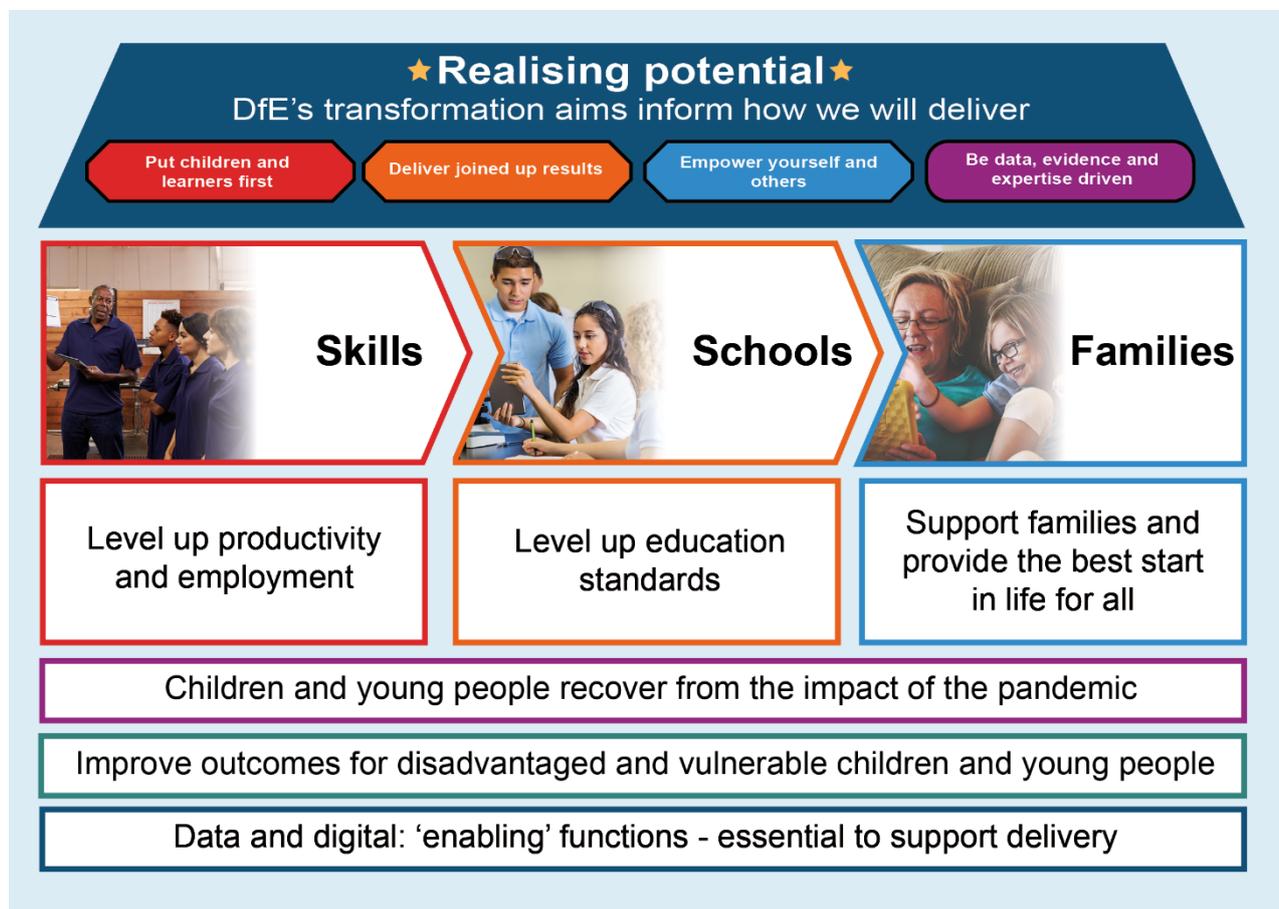
The DfE is responsible for children’s services and education, including early years, schools, higher and further education policy, apprenticeships and wider skills in England.

We work to provide children’s services, education and skills training that ensures opportunity is equal for all, no matter the background, family circumstances, or need.

At our heart, we are the department for realising potential. We enable children and learners to thrive, by protecting the vulnerable and ensuring the delivery of excellent standards of education, training and care. This helps realise everyone’s potential – and that powers our economy, strengthens society, and increases fairness.

We are responsible for:

- teaching and learning for children in the early years and in primary schools
- teaching and learning for young people in secondary schools
- teaching, learning and training for young people and adults in apprenticeships, traineeships and further education
- teaching and learning for young people and adults in higher education
- supporting professionals who work with children, young people and adult learners
- helping disadvantaged children and young people to achieve more
- making sure that local services protect and support children



## Our spend with SMEs

The department currently measures direct and indirect spend with SMEs. Direct spend data is published quarterly whilst indirect spend is obtained annually from data supplied by non-SME suppliers, representing the top 80% of our spend, and is supplemented by spend data from government strategic suppliers.

The department is currently undertaking a review of our procurement spend data and looking at ways to improve our data capture methodologies. This will ensure that we have a true reflection of our procurement spend and what proportion of this goes to the SMEs in our supply chain. This Action Plan will be updated on or before the next [review date](#), with the outcomes from this review.

The latest published transparency data for central government spend with SMEs is available here [central government spend with small and medium-sized enterprises, 2020 to 2021](#)

# Our Action Plan

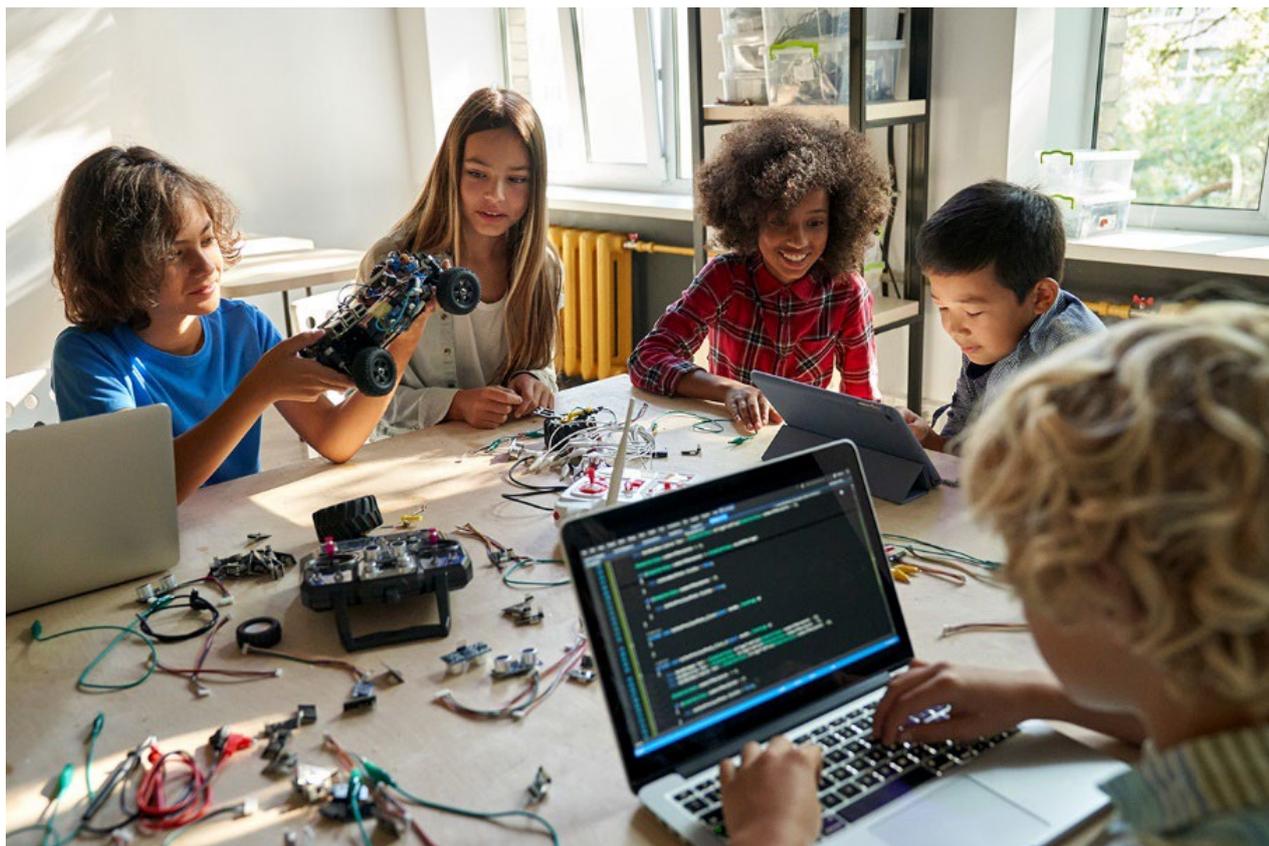
## Progress so far

Since the publication of our 2019 SME Action Plan, we have:

- appointed an SME Champion who leads on promoting the SME agenda across the department - Jen Pallister, Senior Commercial Policy Officer
- worked closely with the Cabinet Office Small Business Team and engaged with the Small Business Crown Representative to ensure that our policy and process are aligned to government requirements and best practice
- established an SME Champions Working Group with representatives from across the department
- appointed a Senior Sponsor with responsibility for ensuring that the SME agenda is given appropriate consideration by senior stakeholders in strategic decision making
- participated in cross-government SME champions meetings to share our ideas and learn what works from others
- committed to fair payment practices by implementing the government's policy on excluding bidders and promoting the [prompt payment code](#)
- implemented the government's Social Value policy
- implemented Procurement Policy Note (PPN) [11/20](#) ensuring that we consider, where appropriate, reserving a procurement by location or for SMEs and VCSEs only - this means being able to run a competition and specify that only suppliers in a certain location, or those who are SMEs or VCSEs, can bid
- held market engagement events and workshops at category level to help us better understand market drivers and capability and to encourage SMEs to work with us, either directly or through our supply chain
- moved to government standard forms of contract, such as the Model Service Contract, Mid-tier Contract and Short Form Terms and Conditions
- published guidance for SMEs, including [how to bid for government contracts as an SME effectively](#) and [how to bid for government contracts as a consortium](#)

We have built on the progress so far and used the knowledge and experience gained to inform and develop this next iteration of our SME Action Plan.

## 2022-2025 Action Plan



Our SME Champions Working Group (the working group) is attended by representatives from commercial teams across the department, including those involved in implementing procurement policy and those responsible for delivering procurement strategies. The focus of this group is to promote the SME agenda and to proactively drive forward our SME Action Plan. The group also shares examples of good practice and lessons learned regarding SME engagement and strives to embed a culture of consideration of SMEs throughout our procurement activities and contract lifecycle. Group members are responsible for liaising with their wider teams and policy areas to collate feedback, share experience and to facilitate learning.

The working group engaged with and facilitated feedback from stakeholders both across the department and externally, including:

- internal stakeholders
- Cabinet Office Small Business Policy Team
- members of the [SME Advisory Panel](#)
- Local Government
- Public Sector Buying Organisations

# Action Plan Workstreams

As a result of our research and the feedback received, our Action Plan has been developed in the following key areas.

## 1. Commercial Policy

Objective: To remove barriers to SME engagement and encourage SME participation in our commercial activity wherever possible

We will:

- continually review and improve our templates, processes and guidance in line with policy objectives to ensure consideration of SMEs and VCSEs throughout our procurement activities and contract lifecycle
- raise awareness of [PPN 11/20](#) across the department
- use market engagement to better understand and engage our supply chain, to learn from suppliers and inform our approach
- engage with the [SME Advisory Panel](#) to get a clear understanding of what good practice should look like
- ensure that sufficient time is set aside within project plans to allow for comprehensive pre-market engagement with suppliers, including SMEs and VCSEs, and encourage active participation
- ensure that lessons are learned and shared, to drive continuous improvement
- integrate SME focus into our Supplier Relationship Management programme and encourage our strategic suppliers to explore opportunities to sub-contract with SMEs
- continue to promote and increase the profile of the SME agenda across the department at senior levels
- maximise use of the Social Value Model to increase supply chain diversity
- actively contribute to the Cabinet Office development of the policy and plan for implementation of Regulatory Reform proposals

Regulatory Reform context - in December 2020, the Cabinet Office set out proposals for shaping the future of public procurement legislation with the publication of a Green Paper, [Transforming Public Procurement](#). The overarching goals of these proposals are to speed up and simplify public procurement processes, place value for money at their heart, generate Social Value and unleash opportunities for small businesses, charities and social enterprises to innovate in public service delivery. Suppliers, including SMEs, will benefit from a simplified procurement regime, which will make public procurement more transparent, accessible and flexible.

## **2. Training and Communications**

Objective: To better support the department to identify and maximize opportunities for SMEs

We will:

- raise awareness of the importance of the SME agenda across the department, supporting our colleagues to better understand the markets in which they operate
- promote greater awareness of the benefits of SME engagement and SME spend aspirations with our customers
- review and refresh intranet content and our external facing material
- develop a communication strategy, to identify relevant audiences and available channels, and to enable us to develop clear and measurable communications
- develop a high-quality training offering for commercial staff, with supporting guidance material to ensure that we are continuing to champion the SME agenda
- mandate that all staff new to DfE commercial teams undertake regular social value training
- share best practice and lessons learned across the department to ensure a culture of continuous improvement
- upskill our commercial function to take advantage of the additional flexibilities which will be provided by the Regulatory Reform
- utilise proactive feedback mechanisms such as supplier surveys to obtain information from bidders on how we can improve future procurement processes and make them more accessible

## **3. SME Supplier Support**

Objective: To better engage, communicate with and learn from the SME community

We will:

- engage with our SME and VCSE market to ensure that we understand and learn from SMEs and to help inform our approach
- talk to suppliers to understand market drivers and capability and use market engagement as an opportunity to encourage SMEs and VCSEs to work with us, either directly or through our supply chain
- remove or minimise barriers to our procurement opportunities wherever possible through greater and more targeted communication
- improve transparency of our procurement pipeline of opportunities
- continually consider the best way to publish pre-market engagement opportunities in one place
- explore SME and VCSE networking opportunities to determine the best approach for each category of spend

- explore the use of social media channels as a further way to communicate key messages to our supply base
- develop high quality guidance and signposting material to support our SME and VCSE suppliers in participating in our procurements

## **4. Data and Digital**

Objective: to utilise digital functionality to increase the visibility of our supply base and the accuracy of our data

We will:

- make data driven decisions
- develop a set of metrics to help us better understand our supply base, including SME representation by category
- work with our finance teams to review our data and collection processes to make them more efficient, and give us greater assurance regarding SME and VCSE identification and the accuracy of direct and indirect spend data
- assess our framework spend data and measure SME share of this route to market
- track SME expressions of interest, bidding activity and success rates through the department's eSourcing platform in order to identify any potential barriers to SMEs in our procurement activities
- capture useful data to monitor performance and progress of the SME Action Plan and use this to continually inform our approach
- analyse data from our external facing pages, such as page visits, to identify areas for improvement
- actively contribute to the Cabinet Office development of the policy and plan for the implementation of Regulatory Reform around proposals for publishing spend data

Regulatory Reform context - the government proposes to introduce a common data model for all contracting authorities in line with the global Open Contracting Data Standard. More procurement data will be published and it will be done in a standard format, accessible to all. The aim is to simplify the process of bidding for public contracts and drive the commercial benefits from better sharing of data.

## **5. Governance and Assurance**

Objective: to assure the department and our stakeholders that we are delivering on our commitment to the SME agenda

We will:

- review our business case and other assurance documentation and processes to confirm that the SME agenda has been considered as part of the sourcing strategy

and that SME and VCSE engagement has been encouraged and larger contracts have been considered for breaking down into smaller lots

- strengthen our governance, increasing scrutiny and challenge at key stages in the commercial approvals process
- introduce a comprehensive assurance structure to set expectations and report progress
- identify and monitor other appropriate measures of SME and VCSE engagement
- conduct project deep dives and thematic reviews to ensure all opportunities to maximise SME participation have been considered
- work with key stakeholders, including our suppliers, inviting them to provide constructive challenge and feedback to help inform our approach and drive continuous improvement
- develop case studies to raise the profile of the SME agenda
- learn from examples of best practice, and identify areas for improvement

# Performance Monitoring



Individual workstreams will identify the strategic and operational actions required to meet our aims and objectives. Progress against the specific commitments made in this Action Plan will be discussed at the working group and members of the group will work together, and with key stakeholders, to develop solutions to any issues or challenges.

Each workstream will have a plan of key actions required to deliver our objectives and how we will measure our success. Progress against our objectives will be reported to the Senior Sponsor on a quarterly basis, and regularly shared with senior stakeholders to ensure visibility, encourage constructive challenge and drive continuous improvement.

The department will publish case studies demonstrating how our actions are increasing contracts with SMEs. This page will be reviewed by the working group on a quarterly basis.

## Risks to the delivery of our objectives

The critical factors or principal risks that pose a threat to the achievement of our objectives and to increasing our spend with SMEs are identified as:

Risk		Mitigation
Data quality	Source data may be incomplete or of variable quality, in terms of direct data from accounts payable systems and indirect data collection from suppliers, which could lead to inconsistent spend reporting	Engagement with colleagues to ensure accurate data inputting behaviours, and working with the Commercial Insight Team to focus on strengthening of quality data returns
Resources	Resources in the context of the wider public sector environment may be affected by emerging policy priorities and reduced staffing budgets	Efficient and effective resource management and prioritisation
Supply chain operations	Increasing the potential for SME engagement with sub-contract opportunities requires the support of the direct suppliers	We will work with key and potential suppliers to encourage SME participation and promote the importance of SMEs in the supply chain
Covid-19	The ongoing impact of Covid-19 poses a risk to delivery of our aims and objectives	PPN 11/20 Reserving Below Threshold Procurements and mindful procurement practices will give greater opportunities for SMEs to bid for DfE business

## Further information



### [SME self-assessment tool](#)

This tool can be used to determine whether your organisation qualifies as an SME.

### [Small and Medium Business Hub](#)

Centralised guidance for SMEs and departments on government's commitment to support start-ups and small businesses via government procurement and commit to paying them on time.

### [Procurement at DfE](#)

Guidance for bidding for Department for Education contracts.

### [How to bid for government contracts as an SME effectively](#)

Steps SMEs can take when bidding for government contracts.

### [How to bid for government contracts as a consortium](#)

How organisations can bid for contracts as a consortium, including the relevant requirements set out in the invitation to tender (ITT).

## Contact us

For queries or feedback relating to the DfE SME Action Plan, please email

[PolicyAssurance.COMMERCIALQUERIES@education.gov.uk](mailto:PolicyAssurance.COMMERCIALQUERIES@education.gov.uk)

For queries relating to the work of the Cabinet Office Small Business Team, please email

[smallbusinessteam@cabinetoffice.gov.uk](mailto:smallbusinessteam@cabinetoffice.gov.uk)



Department  
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