



Government
Commercial
Function

SELLING TO GOVERNMENT

A guide for Small and Medium-sized
Enterprises (SMEs)



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Foreword by

Lord Agnew

Minister of State for Efficiency and Transformation



I very much welcome the publication of this guide and its focus on helping SMEs to consider bidding for government contracts. As a government, we are fully committed to increasing our procurement spend with SMEs, both through direct contracts and through the supply chains.

Central government currently procures more than £50bn of goods and services every year. We are committed to seeing more of this expenditure finding its way to SMEs. To achieve this goal, we have a strong set of policies and plans in place along with a team committed to opening up procurement opportunities for SMEs.

I will be working with my ministerial colleagues to ensure we maintain a fully integrated approach. As we build on our current activities, I look forward to seeing many more SMEs, right across the United Kingdom, supplying government with goods and services.





Foreword by

Martin Traynor OBE

Small Business Crown Representative



I am pleased to acknowledge that the commercial teams across government are fully committed to ensuring they achieve the best value for the UK taxpayer. One of the ways of

achieving this goal is to make sure we have as diverse a supply chain as possible, so that government can benefit from the innovation and creativity that exists amongst our vibrant business community.

The government wants to see far more UK SMEs bidding for the contracts on offer. This guide aims to inform SMEs on where they can find these opportunities and gives background information on doing business with government and top tips for tendering.

I look forward to joining the minister in welcoming many more SMEs into the government's supply chain.



Introduction

■ The role of the Small Business Crown Representative includes:



working with government and the Small Business Advisory Panel to tackle the remaining barriers to SMEs doing business with the government and the wider public sector



raising awareness amongst the small business community and to promote the opportunities for SMEs to do business with public sector



increasing awareness amongst smaller businesses of opportunities to deliver on behalf of larger private sector firms who have secured government contracts

■ The Small Business Crown Representative delivers his priorities by:

- communicating – engaging with SMEs and the organisations that represent them to keep them up to date with developments and where they can find opportunities and hear their concerns
- engaging with government departments to support the delivery of their SME action plans and share feedback from SMEs
- making it easier to do business with government by promoting simpler procurement processes and making it easier for bidders to provide the information required by buyers
- developing better advice for SMEs that are considering bidding for contracts to help them through the procurement process
- promoting better engagement between buyers and SMEs before formal procurement starts, including making use of technology to do this in the most effective way



■ How government is helping SMEs

The government is committed to supporting SMEs through its procurement activity and ensuring they are paid promptly for work done.*

The Small Business Crown Representative champions businesses like yours right across government by highlighting the innovation, agility, and value for money you can offer.

This guide offers advice to SMEs on how to bid for and win government contracts.

The government is spending more with SMEs right across the UK, this will help stimulate economic growth. Make sure to find out about the opportunities that are available.



SMEs contract with government across a wide range of sectors such as defence, technology, probation, rail and facilities management, to name a few.

* Government departments have published action plans setting out how they will do more business with SMEs. These can be viewed on the [Small and Medium Enterprise Hub](#).

Work with us

■ Find opportunities now

Contracts Finder is the government's single online portal on which contracts valued above £10,000 in central government and above £25,000 in the rest of the non-devolved public sector are listed. It's free to use to find opportunities:

www.gov.uk/contracts-finder.

You don't have to register, but if you do, you can set up an account to have new opportunities that suit your business emailed to you on a regular basis.

■ Sell direct to government

Take a look at notices for past opportunities and awards on Contracts Finder. If your business is experienced in taking full responsibility for winning and delivering a contract of a similar size and type to those you see, then you should consider bidding for contracts to supply directly to government.

■ Attend a supplier engagement event

These events (sometimes called 'meet the buyer' events) provide you with an opportunity to talk to government departments about their planned projects and where government buyers can see the potential services and products available in that market.

Government departments will advertise these events on Contracts Finder (www.gov.uk/contracts-finder) and as well as on their department's pages on gov.uk including the Crown Commercial Service at:

www.crowncommercial.gov.uk/events.

Many of these events are now held online, saving businesses time and money and enabling buyers to connect with companies right across the UK.



■ Join the supply chain

You could join a government supply chain. You can do this by searching [Contracts Finder](#) for contracts that have been awarded to larger suppliers, then look on their website for contract opportunities or approach them with an offer to work with them. For example, larger suppliers such as ATOS and Fujitsu win work to deliver IT programmes, Sodexo secured contracts to deliver army and prison catering. Working with large suppliers is often a great way to build up experience of working directly with government.

Many industry bodies and trade associations also advertise opportunities in supply-chains. Government has also been working with larger suppliers to provide greater transparency of their supply chain and encouraging them to use Contracts Finder to advertise and to promote any subcontracting opportunities available.

■ Join frameworks

You can compete to join a government 'framework' or 'dynamic purchasing system (DPS)' specific to your goods and services such as IT, health services, vehicle parts and services. If successful you become a preferred contractor.

Work with us

If you join a framework, which are set for fixed periods of time, there can be further competitions for contracts but this is only between businesses on the framework.

You may join a DPS at any time and contract opportunities will be competed amongst all eligible businesses who are part of the DPS.

The Crown Commercial Service manages a number of commercial deals for government and you can see their future plans for new ones at: www.crowncommercial.gov.uk/agreements/upcoming.

■ Lower value contracts

The UK's departure from the EU means that there is more flexibility for lower value government contracts to be reserved for bidders based in a specific region and bidders who are SMEs and Voluntary, Community and Social Enterprises (VCSEs). These opportunities will be advertised on [Contracts Finder](#) with details of how to bid and who may tender. Other public bodies such as councils may take a similar approach. You can read the detailed guidance for buyers on [PPN 11/20](#).



Get tender ready

■ Evaluating tenders

Understand that no matter how good you are, you will not win in a competition unless you make your strengths clear in the assessment. Think of it as a job interview or exam: make sure you answer the question, give evidence of your experience and examples of your successes.

Avoid the use of jargon and when you have completed your bid get someone not involved in the bid to read it to check that it is clear and answers the questions.

Check your pricing against the anticipated budget for the contract.

Don't be afraid to ask questions, government buyers will be more than happy to answer them.



Meeting the brief

■ Value for money

Government buyers are accountable for their spending and have to show how they have delivered the best value for money. This is not just the initial price but is based on a combination of quality and price throughout the life of the contract. It will support your application if you can demonstrate your approach is cost effective and helps government make savings.

■ Quality

Buyers are looking for quality goods and services that meet the needs of end users.

■ Social value

What is social value?

Social value is often described as creating a positive legacy through the performance of a contract.

There are three categories of social value:

- economic (e.g. employment or apprenticeship/training opportunities),
- social (e.g. activities that promote cohesive communities) and
- environmental (e.g. efforts in reducing carbon emissions)

The government has published guidelines for its buyers who must include social value factors when deciding on the award of higher value contracts (typically over £123,000). At least 10% of marks awarded when scoring the bid will focus on social value. Buyers have the freedom to decide which aspects of social value to consider from the following policy outcomes:

- helping local communities to manage and recover from the impact of COVID-19



- creating new businesses, new jobs and new skills
- increasing supply chain resilience and capacity
- effective stewardship of the environment
- reducing the disability employment gap
- tackling workforce inequality
- improving health and wellbeing
- improving community integration

You can read more about Social Value in [PPN 06/20](#).

Social Value Tool

We want to ensure there is a consistent approach to applying social value in procurement activity across

government. To achieve this, we have developed a simple and straightforward tool for buyers to bring all departments up to a minimum level of operating; a consistent approach across government means it will be more straightforward for all types and sizes of suppliers to bid for government contracts.

The new tool has been designed to fit easily within existing procurement processes, minimising the impact for suppliers bidding for government contracts and for commercial teams.

The new tool has been designed with input from the Federation of Small Businesses, as well as our [SME Advisory Panel](#) and Voluntary, Charitable and Social Enterprise Advisory Panel.

Meeting the brief

It is based on qualitative responses from bidders, and not on volumes. This means that larger suppliers are not able to win on scale alone; all bidders must set out what they will deliver and how they will deliver it and it is this information that will be scored in bid evaluations.

Government will publish a set of core messages to enable key sector bodies and industry groups to help get businesses and organisations of all sizes and types to get ready to respond to the new approach in tenders.

■ Meet the brief

Read the advert carefully and make sure your answers show how you meet the brief. Include relevant examples that show you have experience and success in delivering the products or services advertised.

Offering a range of possible solutions will also support your application.

■ Small businesses

Government buyers want to work with a business that can deliver great customer service, adapt quickly to emerging issues, and provide innovative solutions. Many smaller businesses can do this.

[Departments have action plans](#) in place setting out how they intend to do more business with SMEs. In creating these, departments have looked at what they are likely to buy over the next few years and analysed the role of SMEs in those markets. Each department has an SME champion who tracks progress against the plan. In addition the [SME Advisory Panel](#) provides advice on bringing more SMEs into the government marketplace.



Here to help

■ Prompt payment

Legislation requires public sector buyers to include 30-day payment terms in public sector contracts; and require that this payment term be passed down the supply chain.

Where this is not happening, businesses are encouraged to raise this or any other payment delays directly with the **Public Procurement Review Service**, who will investigate.

If you are in a private sector supply chain and experiencing late payment, **contact the Small Business Commissioner** who provides a free service to help resolve payment issues.

■ Claiming interest on late invoices

Where public sector invoices are not paid within 30 days and are not disputed, interest becomes liable as set out in the Late Payment of Commercial Debts

(Interest) Act 1998. **Visit the Small Business Commissioner's website for a three step tool to calculate how much interest you are owed.**

■ Government measures

Any supplier who bids for a government contract above £5m per annum will be expected to pay 95% of invoices in 60 days across all their business. Any supplier who is unable to demonstrate that they have systems in place that are effective and ensure a fair and responsible approach to the payment of their supply chain may be excluded from bidding.

If you are in a public sector supply chain - **why not check to see how your suppliers are performing?** Large businesses are legally required to report on their payment practices, policies and performance every six months.

Here to help

■ Public Procurement Review Service

The Public Procurement Review Service sits within the Cabinet Office and allows government suppliers and potential government suppliers to raise concerns anonymously about potentially poor public sector procurement practice.

@publicprocurementreview@cabinetoffice.gov.uk

@govpprs



■ The Small Business Commissioner

The Small Business Commissioner ensures fair payment practices for Britain's 5.7 million small businesses, and supports them in resolving their payment disputes with larger businesses. Their service is free to use.

The image shows a composite of digital assets for the Small Business Commissioner. At the top is the website header with navigation links: Home, About SBC, Library, Resources, News, Events, Contact, and a 'Prompt Payment Code' link. A banner below the header states: 'We have got back £7.8 million in unpaid invoices for small businesses so far.' The main content area features a large image of two business professionals in a meeting, with a blue text box overlaid that reads: 'If you're struggling with late payments, contact our team today, we provide a free service and are here to help you!'. Below this are two social media profile cards. The left card is for the 'Public Procurement Review Service' (@govpprs), which includes a bio, a link to gov.uk/doing-business, and a tweet from Feb 25 about PPRS results. The right card is for the 'Small Business Commissioner UK' (@SB_Commissioner), which includes a bio, a link to smallbusinesscommissioner.gov.uk, and a tweet about COVID-19 payment issues. A 'DEAL WITH UNPAID INVOICES' graphic is partially visible on the left side of the social media cards.

Top ten tips for tendering

1

Find tenders by:

- registering on the government's free website www.gov.uk/contracts-finder
- allocating someone with responsibility for searching opportunities for 15 minutes, twice a week and use the email alert service as well as facilities to search by location and type of goods and services
- taking action immediately when opportunities arise

2

Carefully weigh up the decision to bid by considering:

- what the competition is going to be like?
- will this new business have a negative impact on your other work?
- do you or your team have the skills in bid writing and bid management (it can take up to 10 days to construct a good bid and sometimes more for larger and complex contracts)?
- can you realistically win this bid?

3

Use the tender portal effectively by:

- registering your interest as soon as possible so that you can receive the Q&A material and review any changes along the way
- using the portal to seek clarity
- checking the portal layout and how questions need to be answered
- checking if boxes have word limits and formatting restrictions or if PDF attachments are required
- not waiting until the last minute by uploading the tender the day before the final deadline

4

Develop an effective plan by:

- allocating someone with good organisational skills and the authority to manage the tender writing process
- ensuring the plan is realistic with dates of what needs to happen and when
- giving clear deadlines for each section of the bid writing process
- sticking to the timeline

5

Understand the buying organisation by:

- finding out what is important to the buying organisation e.g. core values, key objectives, the type of solution they are looking for – departments publish a lot of information so use [gov.uk](https://www.gov.uk) to research
- reviewing the invitation to tender, website, press coverage, current suppliers
- if there is an incumbent supplier trying to find out who they are and how they are performing focusing on what the buyer is looking for when writing the bid

6

Hold an initial meeting with the team to discuss the bid including:

- setting out why you should be bidding and how you can meet the needs of the buyer
- sharing the knowledge gathered on the buyer and what they are looking for
- allocating key tasks and deadlines to the team
- outlining the priority of the bid writing process
- giving advice on what to focus on and how best to draft answers
- having someone review the bid two thirds of the way through the process

7

Answer the question and provide good evidence by:

- making sure you answer the question asked (people with subject matter expertise often do not)
- providing the most recent and relevant evidence, including quotes and case studies when requested
- not being tempted to use 'hollow statements' e.g. customer service is at the heart of all we do
- providing the answers that meet all requirements asked for, but looking to demonstrate to the buyer the extra benefits of contracting with you
- ensure you understand the social value requirements in the tender (see page 13) and be prepared to give evidence of what social value you can add in line with those requirements

8

Always use plain English by:

- keeping sentences short (15 to 20 words) and paragraphs short (6 to 7 lines) when constructing the bid
- using the correct grammar and spelling checks so that buyers don't start to question your accuracy and attention to detail
- avoiding jargon and complex technical language that buyers/evaluators may not understand

9

Use formatting tools to make it easier for buyers to review by:

- ensuring good use of headings and subheadings
- displaying clear headings in bold
- trying to use numbering and bullet points
- using bold font to highlight key information in the bid

10

If the bid fails, get feedback and learn from the experience by:

- requesting feedback from the buyer
- setting up a 'lessons learned' meeting with the team
- keeping the documents on file and use them as a learning tool for the next bid
- comparing your bid with information about the winning bid – winning bidders and information about contracts will often be posted on Contracts Finder

FAQs

■ Contracts Finder and Find a Tender Service

Q: What is the difference between [Contracts Finder](#) and [Find a Tender](#)? Why do we need both?

A: The need for both Contracts Finder and Find a Tender is due to the difference in their scope, both in terms of above vs below threshold and UK vs non-devolved functions.

Contracts Finder contains lower value notices (>£10k for Central Government, >£25k for the Wider Public Sector) but from non-devolved functions only.

Find a Tender contains above threshold notices (>£122k) for the whole of the UK.

Q: How will using [Contracts Finder](#) or [Find a Tender](#) help me as an SME?

A: Both sites contain notices from across the public sector. Rather than registering for and searching multiple sites, these centralised systems make it

easier and more efficient to find contract opportunities.

If you choose to register, you will be able to save your specific search and set up email alerts each time a new notice is published that matches that criteria. You can save more than one search type as well.

Contracts Finder also has specific flags that buyers can use to highlight where opportunities may be especially suited for SME or VCSE organisations.

■ Social value

Q: Can SMEs effectively compete with larger organisations on social value?

A: Yes. The Social Value Model was designed with this in mind. It focuses on the quality of the actions taken to meet social value outcomes, not the volume. The new social value approach rightly aligns with the government's priorities on promoting economic growth by supporting

SMEs, VCSEs and start-ups to lead or be part of government supply chains.

Q: What are the plans for the future of the Cabinet Office's [Social Value model](#)? Should we expect changes to the model and the specific metrics or categories?

A: The design of the model is adaptable so can be updated when required in the future. However, the focus at present is to prioritise the effective embedding and implementation of the existing model across government. Any future changes would be clearly communicated to stakeholders.

Q: Is the new social value approach straightforward for SMEs, VCSEs and start-ups to use?

A: Yes. The new social value approach will help streamline and standardise the procurement processes, making it easier for all suppliers bidding for government contracts.

■ Payment

Q: I am in a public sector supply chain - how quickly should I be paid?

A: Through the [Public Contract Regulations 2015](#), public sector buyers must include 30-day payment terms in new public sector contracts; and require that this payment term be passed down the supply chain.

Q: I'm owed money on a public sector contract - what can I do?

A: The Cabinet Office runs the government's [Public Procurement Review Service](#) which enables suppliers to report poor procurement practice, including instances of late or unfair payment, in public sector contracts. This includes payment delays in the supply chain.

Q: Where do I go if I'm owed payment in a private sector supply chain?

A: If you are a small business (less than 50 staff) and you are encountering payment problems concerning your larger businesses please contact the [Office of the Small Business Commissioner](#) who will look into your case on your behalf.

■ Below threshold

Q: What is different about how the government can procure below threshold goods / services / work contracts since leaving the EU?

A: The UK's exit from the EU means we can exercise additional freedoms in relation to contract spend on contracts with a value below the relevant thresholds for goods, services and works. Procurement Policy Note 11/20 enables relevant contracting authorities to reserve below threshold procurements explicitly for suppliers in a

geographic location and for SMEs or VCSEs. [The PPN, Guidance and FAQ relevant to this policy](#) are available here.

■ SME Hub

Q: Where can I view all of the work the government is doing to support SMEs?

A: Cabinet Office has recently published a new [Small and Medium Business Hub](#) which provides centralised guidance for SMEs and departments on government's commitment to support start-ups and small businesses via government procurement.

■ Public Procurement Review Service and the Small Business Commissioner

Q: What is the difference between PPRS and the Small Business Commissioner?

A: The Public Procurement Review Service investigates public sector procurement issues raised by suppliers including late payment but does not include investigations within functions devolved to Northern Ireland, Scotland and Wales, whereas the Small Business Commissioner gives advice and tackles payment issues in the private sector throughout the United Kingdom.

Q: What types of issues can I raise with the Public Procurement Review Service?

A: The Public Procurement Review Service published it's monthly progress report on gov.uk. Here you can view the types of issues raised by the resolution to them. [View the report here.](#)

