



Ministry
of Justice

Small and Medium Sized Enterprises and Voluntary, Community and Social Enterprises Action Plan 2022–2024

Protecting and advancing the principles of justice

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Forewords

Minister Freer MP, Parliamentary Under Secretary of State for Justice

The Ministry of Justice (MOJ) values the significant contribution that small and medium sized enterprises (SMEs) and voluntary, community and social enterprises (VCSEs) play in fuelling economic growth in the UK. SMEs make up more than 99% of UK businesses and employ three-fifths of the UK's private sector workforce. Over 75% of VCSEs deliver public services where they are based, with strong links to that locality. Together SMEs and VCSEs are the backbone of the UK economy and government is committed to increasing engagement and opening up opportunities to bid for the £300 billion of public contracts.

Government is committed to reducing the barriers these groups face, including contract payment timelines and awareness of opportunities. Public procurement can be seen as an administrative and time-consuming process, our ambition therefore is to ensure it is more accessible and tailored to meet the needs of the market.

This action plan outlines how we will address the commercial challenges to improve the outcomes for SMEs and VCSEs. We welcome the benefits that these companies can bring to our supply chains; their agility, incredible innovation and customer service, and will address the role that we and our larger suppliers play in creating more inclusive opportunities.

Martin Traynor OBE, Small Business Crown Representative, Cabinet Office

In my role as the Small Business Crown Representative, I work with government departments to help make our policies, practices and procedures simpler for SMEs to navigate. I am also charged with working with the small business community to encourage them to think about bidding for contracts in both central government and the wider public sector.

Having worked closely with colleagues in the MOJ over the past three years, I have always been impressed by their determination and commitment to opening procurement opportunities for SMEs. I have witnessed this first-hand at several successful events where they have played a leading role, bringing public sector buyers and SMEs from across industries together.

This updated action plan sets out MOJ's ambition to build on the success of the previous SME action plan and to continue raising awareness of contracting opportunities for SMEs, including through the supply chain.

I look forward to supporting colleagues at MOJ and to see their plans being put into action.

Barry Hooper, Chief Commercial Officer, Minister of Justice

SMEs and VCSEs are a vital part of the MOJ's supply chain, and we are committed to building and maintaining a diverse and strong supply chain that includes SME and third sector partners, whether that is through our direct contracting or through our prime supplier relationships.

Small businesses and VCSEs bring new jobs, prosperity and growth to industry and regional economies and are key to ensuring innovation.

The MOJ's commercial landscape is multifaceted with contracts ranging from custodial facilitates management services to prisoner education services. We recognise the value and benefits that SMEs and VCSEs bring and the positive outcomes that come from diverse competition. Therefore, we are committed to continue to build and maintain a diverse supply chain and to drive success by providing fair access and open competition that enables them to compete and bid for our contracts.

This action plan represents the MOJ's desire to drive engagement and unlock the innovation that sits at the heart of the SME and VCSE community. It is a statement of our commitment and ambition and sets out the role of MOJ staff and our supply chain partners in creating a strong, prosperous and sustainable supply chain.

Ministry of Justice

The **MOJ** is a major government department at the heart of the justice system, working to protect and advance the principles of justice. We manage vital public services to protect the public from serious offenders, to improve the safety and security of our prisons, to reduce reoffending, and to deliver access to justice.

Throughout England and Wales, we administer criminal, civil, and family courts, tribunals, legal aid, deliver prison, probation and youth custody services and provide support for victims, children, families, and vulnerable adults. The **MOJ Outcome Delivery Plan** sets out our priorities and key objectives for 2022/23.

Our three largest agencies are His Majesty's Prison and Probation Service (HMPPS), His Majesty's Courts and Tribunals Service (HMCTS) and the Legal Aid Agency (LAA). We work in partnership with all our **arm's length bodies**, who each play a vital role in supporting the department's statutory responsibilities, priorities and services to the public.

Introduction

This action plan sets the MOJ's objectives for the next two years to collaborate and engage with SMEs and VCSEs while maintaining our commitment to achieving value for money. This plan supports how the MOJ will contribute to the government's **Levelling Up** agenda and specifically, how we will:

- create a more diverse supply chain to encourage innovation and improve value for money
- increase the visibility of our tenders and contracts and look at opportunities to collaborate more with SMEs and VCSEs

- engage with SMEs and VCSEs stakeholder groups and our supply chain applying lessons learned
- work towards reducing the barriers SMEs and VCSEs may face when bidding for our contracts
- encourage our largest contractors to engage and spend more with SMEs and VCSEs
- share and learn from good practice with other government departments and use best practice to inform future decisions

The support of our Tier 1 suppliers is essential to our ability to provide a wider range of opportunities to SMEs and VCSEs. We encourage our directly contracted suppliers to make clear commitments and take action to:

- commit to share SME spend data annually with us
- commit to pay SMEs and VCSEs promptly
- publish SME payment statistics
- commit to publish sourcing pipelines

MOJ will take a collaborative approach to delivery of our action plan with the support of our SME commercial champion, chief commercial officer and social value team.

MOJ Spend

Our Commercial and Contract Management Directorate take responsibility for commercial activity, supporting the delivery of frontline and corporate services.

The MOJ total expenditure in 2020/21 was £11.6 billion. Approximately 61% of annual spend was with third parties, of which 29.9% was with SMEs. VCSE spend was around £39.4 million for the financial year 2021/22.

The MOJ procures a range of goods and services in sectors such as construction, facilities management, catering, fleet management, IT, and passenger transport from suppliers (third-party spend) across the UK and globally. The top five highest spending areas in 2020/21 by categories are:

- Industrial services – £728.6 million
- Facilities – £695.4 million
- IT – £593.1 million
- Construction – £572.8 million
- Social care – £431.9 million

Within our categories of spend there are direct and indirect opportunities for SMEs and VCSEs. Our direct contracting opportunities tend to be larger contracts and often more complex, for example facilities management and construction contracts. Our main suppliers are encouraged to advertise opportunities that SMEs and VCSEs can bid for. For example, with the construction of the HMP Five Wells resettlement prison in Wellingborough, a significant amount of spend went to SMEs that have been particularly vulnerable because of COVID-19.

SME spend

During 2020/21, the **government's average overall spend with SMEs** increased by 0.2% from the previous year to 26.9% (£19.3 billion). MOJ came in above the government average at 29.9%.

Our SME spend breakdown is shown in the table below:

	Total procurement spend (£m)	Direct spend with SMEs (£m)	Direct spend with SMEs as %	Indirect spend with SMEs (£m)	Indirect spend with SMEs as %	Total spend with SMEs as %
MOJ	£5279	£1,224	23.2%	£355	6.7%	29.9%

Procurement pipeline and future opportunities

Our procurement pipeline is published on the **Procurement at MOJ** page on GOV.UK and shows our forthcoming major projects and procurements valued at over £2 million. The pipeline is updated every 12 months and includes our projected commercial activity over the next 36 months. The pipeline may adapt to meet business requirements so is subject to change.

There are also two UK government procurement portals where we publish notices.

Contracts Finder is where we publish our tenders and contract awards over the value of £12,000 including VAT. Contracts Finder allows users to:

- view and search for contract opportunities in different sectors
- identify future potential procurement activity
- look up details of previous awarded contracts

SMEs can create an account to get email updates and save searches as well as search and apply for contracts without an account.

The **Find a Tender service** replaces Tenders Electronic Daily following the UK's exit from the European Union. The Find a Tender service is where SMEs and VCSEs can search for higher value contract opportunities and awards over £138,760 including VAT.

SMEs and VCSEs can also search for information about MOJ contracts on our **eSourcing Portal**. The portal manages tendering and quotation activities and provides a simple and efficient way for buyers and suppliers to connect. Suppliers can register and submit expressions of interest in response to a tender that we have advertised.

Our procurement process and policies

The way we procure goods and services depends on a variety of factors, from what we buy to how much we expect to spend. When buying goods, services or works above the set **financial thresholds**, we must follow the procedures laid down in the Public Contracts Regulations 2015 before awarding a contract to suppliers. This legal framework encourages free and open competition and value for money, in line with nationally agreed obligations and regulations.

Commercial and Contract Management Directorate staff develop category and procurement strategies when planning for any new procurement and provide advice to the business (the wider MOJ) on how to engage with the market and suppliers to get the best outcomes.

In addition, our procurement handbook provides commercial teams with guidance on how to increase SME and VCSE participation in procurements, specifically at the pre-procurement stage. The commercial team proactively:

- assess the market's capability to provide solutions and to deliver the required outcomes by conducting pre-procurement market analysis on suppliers
- consider increasing the scope for using SMEs or VCSEs by using several suppliers to fulfil one requirement, for example, by using a commercial agreement or by dividing the requirement into smaller lots

This analysis helps to decide how best to involve a wider range of organisations.

One of the ways that we and other government departments procure is via a commercial agreement (also known as frameworks). These are developed by organisations including Crown Commercial Services and are pre-existing contracts where suppliers have been evaluated as capable of delivering the requirements. Suppliers who sign up to a commercial agreement make themselves more visible to multiple potential buyers. We also use Dynamic Purchasing Agreements that are similar to commercial agreements but allow more flexibility for suppliers to join and exit an agreement dependent on their circumstances. Looking at **opportunities to join** one or both can expand options for SMEs and VCSEs in terms of new business.

When considering how we can simplify the procurement process, commercial teams will consider a variety of routes to market including if a Dynamic Purchasing Agreement is suitable, as we recognise the ease and flexibility it provides bidders. We're also reviewing how we can improve supplier guidance and system functionality around the standard qualification questions in our eSourcing system. Our best practice is to undertake supplier engagement prior to going out to market for any new procurement. It's an opportunity to speak to potential suppliers and seek input on the requirements but also an opportunity for SMEs and VCSEs to provide feedback on how they can best be engaged on procurements.

Policy notes

Cabinet Office issued **Procurement Policy Notes (PPN)** provide guidance on best practice for public procurement and there are specific PPNs that support SMEs and VCSE engagement:

- **PPN 01/18:** Supply Chain Visibility – This PPN sets out measures to increase the visibility of subcontracting opportunities in government supply chains and to provide greater visibility of spend. All new procurements valued above £5 million per year, which are subject to the Public Contracts Regulations 2015, must update their terms and conditions to include clauses requiring the successful prime supplier(s) to advertise on Contracts Finder, subcontract opportunities arising from that contract above a minimum subcontract threshold of £25,000; and separately, report on how much they spend on subcontracting with SME or VCSE organisations in the delivery of the original contract.
- **PPN 06/20:** Taking Account of Social Value in the Award of Central Government Contracts – This PPN launches the social value model to take account of the additional social, economic, and environmental benefits that can be achieved in the delivery of central government procurements, using policy outcomes aligned with the government's priorities. One of the award criteria under Theme 2 in the social value model relates to creating a 'diverse supply chain to deliver contracts including new businesses and entrepreneurs, start-ups, SMEs, VCSEs and mutuals'. The model provides a level playing field for SMEs as social value bids are evaluated on a qualitative basis. This means the quantity of commitments offered by bidders is not part of the evaluation process but rather the quality of the overall response.

- **PPN 11/20:** Reserving Below Threshold Procurements – In-scope organisations may consider, where appropriate, for below threshold contracts, to reserve the procurement for SMEs and VCSEs. This means being able to run a competition and specify that only SMEs and VCSEs can bid.
- **PPN 08/21:** Taking Account of a Bidder's Approach to Payment in the Procurement of Major Government Contracts – This PPN sets out prompt, fair and effective payment approaches to be taken into account for all businesses in the procurement of major government contracts to ensure businesses have a healthy cash flow.
- **PPN 10/21:** Thresholds and Inclusion of VAT – This PPN explains the new procurement thresholds and the way commercial teams will now estimate contract values inclusive of VAT.

The Procurement Reform Bill

The new **Public Procurement Reform Bill** will introduce a simpler and more flexible commercial regime. It aims to reduce bureaucracy and create a more open and transparent commercial process allowing greater interaction between buyer and supplier.

Part of the reforms will include the creation of a new digital platform which will increase transparency of opportunities for all organisations. Suppliers will be able to register their details which they can then use for all bidding opportunities.

The new bill is expected to be enacted in 2023 and information is regularly updated on GOV.UK

Case studies and engagement activities

We have purposefully identified opportunities to engage constructively with SMEs and VCSEs to benefit from their agile ways of working and high levels of niche service delivery. Through engagement and consultation, we have developed procurement and contracting routes that better suit the nature of SMEs and VCSEs including the examples in this section.

Dynamic purchasing system for education

In early 2019 we redesigned the way we deliver education services within prisons. The MOJ developed and adapted its approach to support improved outcomes for prisoners and to reflect the local needs of each prison. Through pre-market engagement with the wider supply base, including SMEs and VCSEs, a new dynamic purchasing system completely changed the way we engaged and adapted to the supply market.

The dynamic purchasing system enables prison governors to commission local organisations including SMEs and VCSE to deliver core and specialist education provision. For SMEs and VCSE organisations it is an agile process where they can join (and leave) the system at any time allowing them to gain access to contracts. In the financial year 2021/22 the dynamic purchasing system team awarded 248 call-off contracts with a combined value of £19.9 million. Of these, 198 contracts (or 80.5%) were with SMEs.

Rehabilitative services

In June 2021 we implemented a new model for the provision of probation, a mixed market model that includes a range of Commissioned Rehabilitative Services that provide specialist support and advice to prison leavers to help them reintegrate back into society. The broad range of services which currently include finance and debt advisory, accommodation, personal wellbeing, and women's services are delivered through an inhouse dynamic framework. This is a fundamental shift from the previous model and enables us to contract directly with SMEs and VCSEs who are best placed to deliver these specialist services. On day one, 108 contracts were let with 75% awarded to SME and VCSE organisations.

Clinks

Following a competitive process HMPPS awarded an infrastructure grant to Clinks from 1 April 2022 for three years. This grant is to support small and medium VCSE organisations and designed to enable Clinks to provide practical support to the voluntary sector, facilitate strategic engagement between the sector and policy makers and to improve communications between the sector and MOJ. Clinks will continue its role as chair of the key MOJ/third sector interface group Reducing Reoffending Third Sector Advisory Group, also known as RR3.

We will continue to add further examples of how we have worked with SMEs and VCSEs to our case studies page on GOV.UK. Our intention is to do more direct engagement over the next couple of years through various routes and events as described below.

Our actions

The following section outlines the actions we will take over the next couple of years to support increased SME and VCSE engagement in our supply chains. It represents the activities that we believe will lead to an increase of direct and indirect opportunities for these groups.

	Planned actions	When	Expected outcomes
1	We will participate in a minimum of two supplier engagement events per year.	Annually	<ul style="list-style-type: none"> ▪ SMEs and VCSEs are more informed about what we do and how we procure and our pipeline of work. ▪ Suppliers are more aware of our programmes such as the New Futures Network (employment of prison leavers programme). ▪ Improved feedback from SMEs and VCSEs on their experiences of engaging with us. ▪ Improved relationships and understanding of challenges faced for SMEs and VCSEs to identify, bid and win work with us. ▪ We will evidence success through participation levels from SMEs and VCSEs, feedback from supplier surveys and engagement events.
2	We will be an active member of the cross-department SMEs and VCSEs network group and meet with external forums.	Ongoing	<ul style="list-style-type: none"> ▪ Improved engagement on the SME and VCSE agenda with government departments and representative bodies helping us understand issues faced and actions which could improve relations and outcomes for SMEs and VCSEs. ▪ Increased understanding of how departments facilitate and enable greater SME and VCSE representation in their supply chains.
3	We will continue to review and offer up-to-date information for the SME and VCSE community through our events and all available communication channels.	Ongoing	<ul style="list-style-type: none"> ▪ SMEs and VCSEs are more informed about what we do, how we procure and our pipeline of work. ▪ Improved visibility of our opportunities and market engagement activity so that all bidders, including SMEs and VCSEs, have all the appropriate and relevant information which supports engagement and improved bids.

	Planned actions	When	Expected outcomes
4	We will continue to identify opportunities to separate large contracts into smaller and/or regionally based lots, when possible, to enable more opportunities for SMEs and VCSEs.	Ongoing	<ul style="list-style-type: none"> ▪ Evaluation criteria and contract management obligations are proportionate to the value and type of contract being let with clear expectations from the outset. ▪ Reduced complexity and burden on SMEs and VCSEs when developing our selection and technical evaluation criteria which will improve the ability for SMEs and VCSEs to bid for MOJ contracts.
5	We will provide further guidance and support to commercial teams in their category planning and sourcing activities to raise awareness and to better identify and maximise opportunities for SMEs and VCSEs. We will share innovation practices to support prompt payment across our supply chain.	Annually	<ul style="list-style-type: none"> ▪ Best practice promoted and, where appropriate, adopted to achieve consistency across the commercial team. ▪ Our commercial teams continue to consider the challenges for SMEs and VCSEs both in procurement and contract management stages prior to procurement launch. ▪ Information on key Policy Procurement Notes is further embedded, for example in PPN 01/18: Supply Chain Visibility.
6	Appoint an SME and VCSE champion to act as an advocate for agenda, drive change and embed across the organisation.	2023	<ul style="list-style-type: none"> ▪ The SME and VCSE champion ensures that the agenda is brought into key decision making. ▪ The SME and VCSE champion provides the support and challenge on commercial opportunities and seeks assurances that new programmes are designed and implemented with consideration of SMEs and VCSEs.
7	We remain committed to SME data transparency.	Ongoing	<ul style="list-style-type: none"> ▪ Gathering direct SME spend. ▪ Engaging with our large suppliers to gather indirect supply chain spend. ▪ Central publication.

	Planned actions	When	Expected outcomes
8	Ensure visibility of contract opportunities for all contracts by continuing to publish on Contracts Finder and Find a Tender service where applicable and publish an updated commercial pipeline.	Ongoing	<ul style="list-style-type: none"> Potential opportunities are visible to all suppliers and provide a level playing field.
9	In line with PPN 06/20: Taking Account of Social Value in the Award of Central Government Contracts and the social value model, we will take account of specific SME benefits/outcomes in our procurements.	Ongoing	<p>Application of PPN 06/20 outcomes in our contracts (where it is relevant and proportionate to the subject matter of the contract) relevant to SMEs and VCSEs, i.e.:</p> <ul style="list-style-type: none"> Increasing opportunities for entrepreneurship and helping new and/or small businesses to grow, supporting higher economic growth and greater business creation. Improving supplier diversity, innovation and resilience creating a more diverse supply chain to deliver the contract, which will better support start-ups, SMEs and VCSEs in doing business on public sector contracts.

Risk to the delivery of the plan

Risk	Description	Mitigation
Data integrity and collection constraints	Source direct data from accounts payable systems and/or indirect data collection from suppliers is incomplete or of variable quality leading to inconsistent spend reporting.	<p>Engage agencies/arm's length bodies about data quality and returns.</p> <p>Work with Crown Commercial Services, other government departments and the market to ensure indirect data collection process is low in burden but high in effectiveness.</p>
Impact of unforeseen external influences	External economic or societal conditions (e.g. COVID-19) may pose a challenge for SMEs and VCSEs winning work (directly or indirectly) or may lead these groups not to bid.	<p>Build relationships with SME and VCSE representative groups to facilitate early advance notice and to help alleviate the impact.</p> <p>Collaborate with other government departments to support a consistent approach across government which works for our supply chains.</p>



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