



Department
for Education

SME Action Plan



For more information on SMEs working with government visit: www.gov.uk/openforbusiness

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Objective

Breaking down barriers to SMEs

Government wants to work with more small businesses across the UK. Small and medium-sized enterprises (SMEs) are the lifeblood of the economy.

In March 2012, SME Champions began being appointed in central government departments. Their objective was to drive and embed SME engagement within departments.

In April 2018, the Prime Minister requested members of her Cabinet to nominate Small Business Champion Ministers. The ministers are responsible for supporting, developing and monitoring departmental SME Action Plans to ensure that:

- SMEs are given a fair opportunity
- steps are taken to work towards any SME spend ambitions
- barriers to SMEs are broken down wherever possible

By the end of this parliament, the government ambition is that increasing amounts of it's spend on goods, services and works, will be with SMEs, either directly or through the supply chain.

This package of measures is designed to ensure that more businesses, including SMEs, will be able to supply goods, services and works to the public sector, while also making public procurement more transparent. It also outlines the steps that departments will make to meet the end of parliament ambition.

More detail on the government's commitment to SMEs can be found on the [Small and Medium Business Hub](#)

Introduction from Baroness Barran MBE



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

SMEs are fundamental to the UK economy and account for more than half of private sector employment. They offer innovative solutions and are often some of the hardest working and most reliable suppliers assisting the Department for Education (DfE). The DfE is committed to engage and work with SMEs and will take a proactive approach to break down any barriers they face.

This commitment to engage SMEs throughout our commercial activities and the access we provide to the varied markets we engage with in delivering our departmental objectives, has led to an average spend of £0.12billion a year from 2013 to 2020 with SMEs both directly and in-directly.

This Action Plan describes how we will continue to enhance our work with SMEs.

Foreword from Claire Benham Commercial Director



I'm proud of the work that the DfE has already done in supporting the SME agenda. I believe our department is uniquely placed to be a government leader in this area, and we will strive towards realising this.

Regardless of our commercial activity, from school construction through to internal training, we will ensure SMEs are at the forefront of our procurement and contract management activity.

I recognise that government contracting can be a challenging environment for SMEs to navigate. The DfE will continue its commitment to address this. We have recruited and distributed resource dedicated to supporting and championing SMEs, and we will embed best practice, fair engagement and opportunity for SMEs within our commercial policies.

Through the actions outlined in this plan, and our departmental appetite for better public service through continuous improvement, the DfE will contribute to helping achieve the government's ambition of 33% SME spend by the end of this parliament.

About our department

The government believes that SMEs have a vital role to play in the growth of the UK economy and is committed to making it easier for these organisations to compete for government business.

In November 2011, the government launched a package of radical reforms setting out a new approach to public procurement that will use the public sector's purchasing power to deliver greater efficiencies and support economic growth. That commitment remains in current government policy and is further strengthened through the 2015 Public Procurement Regulations and EU Directives, which have reinforced the role of SMEs in public delivery and economic growth.

This document outlines how the DfE will contribute to the government's SME agenda and its aspiration that at least 33% of central government procurement spend goes to SMEs, both directly and indirectly.

Departmental Purpose

The DfE (the department) 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 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.

Our priorities

We'll develop world-class education with the following principles:

- drive economic growth through improving the skills pipeline, levelling up productivity and supporting people to work (cross-cutting outcome)
- level up education standards so that children and young people in every part of the country are prepared with the knowledge, skills, and qualifications they need
- support the most disadvantaged and vulnerable children and young people through high-quality local services so that no one is left behind (cross-cutting outcome)
- provide the best start in life through high-quality early education and childcare to raise standards and help parents to work (cross-cutting outcome)

Read our [outcome delivery plan](#) to find out more about our priority outcomes and strategic enablers and how we will achieve them.

To be achieved through:

- always remembering that in education and care, by far the most important factor is the people delivering it – so we will strive to recruit, develop and retain the best
- prioritising in all that we do the people and places left behind and the most disadvantaged
- protecting the autonomy of institutions by intervening only where clear boundaries are crossed
- making every pound of our funding count

Why SMEs?



The department is not just committed to the SME agenda set out by central government, but recognises the benefits, value and impact SMEs can have on delivering departmental strategies and aims.

Paul Hill, is a senior commercial specialist within DfE, having joined from the private sector after years of working with SMEs, and had this to say when asked what SMEs can provide to DfE:

Innovation: Often smaller organisations are at the forefront of innovation, much more than larger organisations.

Flexibility: Small and midsize companies have the ability to react quickly to changes in the marketplace. There is no hierarchy in place that slows down the decision-making process.

Community / local expertise: Given the work DfE are often involved in (helping local people become educated, skilled etc.) often there is a real benefit of having in-depth local knowledge about real local issues.

Increase in marketplace: 99% of businesses in the UK are SMEs. So, by creating marketplaces that involve SME communities, it gives the DfE more options / access to organisations with the ability to deliver services on our behalf. Failure to attract SMEs may increase risks such as market failure or over dependency on a small number of suppliers.

Action Plan Objectives

This Action Plan outlines how the DfE will meet the government's commitment to spend more with SMEs and how we will achieve our aspiration that 33% of all commercial spend will be with SMEs by March 2022, either directly or indirectly through the supply chain. Our aim is to maximise opportunities for SMEs to participate in DfE procurement. We will strive to improve access to government procurement, by opening up our opportunities, encouraging competition and reducing the administrative burden on SMEs engaged in delivering goods and services to the DfE.

Our ambition is to:

- increase direct opportunities for SMEs to gain DfE business
- provide SMEs with greater access to DfE procurement opportunities, by using simpler contracts and contracting processes
- remove or minimise barriers to DfE procurement opportunities through greater and more targeted communication and transparency of our procurement pipeline of opportunities
- ensure a culture of prompt payment within the department and throughout the supply chain to SMEs that meets or exceeds government targets

The government will:

- work with potential providers to identify and address strategic capabilities in supply chains to ensure providers are prepared to meet this future demand
- give potential providers greater certainty of our future demand
- operate an open-door policy for business so that we can develop a strategic relationship with current and future providers

- simplify and streamline procurement processes
- back UK business when bidding for contracts overseas

How we will do this in the DfE

In considering our approach, we must be mindful of the current economic climate and ensure any requirements placed on suppliers are proportionate and reasonable. COVID-19 is unprecedented and has had a significant impact on businesses of all sizes. SMEs have been severely impacted and we will continue to do all we can to make our procurements accessible and not overly burdensome, to enable them to compete with larger businesses on a level playing field. We will:

- embrace the Social Value policy as described in [Procurement Policy Note 06/20 Taking into account Social Value in the award of central government contracts](#) where COVID-19 Recovery and Tackling Economic Recovery Themes can be used to increase supply chain resilience and capacity, open up sub-contracting and grow supply chain diversity, to support SMEs and new business start ups
- develop pipelines of anticipated procurements to understand what commercial delivery we will need, and where appropriate publish this information to provide potential suppliers with early sight of our future demand. (Note: pipelines do not commit us to procure or spend, their purpose is to invigorate and warm up the market to potential procurements)
- work with Cabinet Office by engaging in working groups and panels that include suppliers to ensure we operate transparently and collaboratively to develop capability and capacity in the marketplace
- review and streamline our procurement processes and documents to ensure they are not overly burdensome, ensuring consideration of SMEs throughout the procurement process
- follow an open-door policy, welcoming suppliers to contact us and develop greater clarity and understanding of the department. We achieve this in procurements by ensuring our engagement is as early as possible and before we advertise, through open days and events
- we will hold product surgery days where suppliers can ask to demonstrate their capabilities and unique selling points to commercial and subject specialists

Our Spend

The DfE ambition is that 33% of our commercial spend flows to SMEs by 2022.

Table 1: Spend to date (as of March 2021)

Year	Ambition	Procurement Spend (bn)	Spend with SMEs (bn)	Percentage Achieved	Notes
2013-14	25%	£0.39	£0.09	23%	Total of direct and indirect spend with SMEs
2014-15	25%	£0.40	£0.12	30%	Total of direct and indirect spend with SMEs
2015-16	30%	£0.41	£0.12	29%	Total of direct and indirect spend with SMEs
2016-17	30%	£0.41	£0.14	34%	Total of direct and indirect spend with SMEs
2017-18	31%	£0.52	£0.12	24%	Total of direct and indirect spend with SMEs
2018-19	31.5%	£0.37	£0.12	33%	Total of direct and indirect spend with SMEs
2019-20	32%	£0.55	£0.24	44.5%	Total of direct and indirect spend with SMEs

The latest published transparency data for central government spend with SMEs (2019 to 2020) is available here [Central government spend with SMEs 2019 to 2020 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/statistics/central-government-spend-with-smes-2019-to-2020)

Our Future Pipeline and Opportunities

The [Department for Education Pipeline](#)¹ sets out our future opportunities for suppliers, including SMEs, to become part of our supply chain. Please note these are subject to revision by DfE as they are longer term opportunities and therefore the procurement strategy will not yet be determined. The titles of the projects do not predispose how the contracts will be let, what the mix of SMEs will be in the supply chain, or what level of opportunity they will provide directly or indirectly.

¹ Department for Education Pipeline www.gov.uk/government/publications/department-for-education-commercial-pipeline-data-2019-to-2020

Our Planned Actions

DfE has implemented an ambitious commercial operating model to deliver Category Management within its Commercial Directorate. This will result in:

- increased capacity and capability to deliver forward pipeline, category planning and delivery of departmental outcomes
- greater engagement with our supply markets, including remotely and through smart technologies whilst still under the impacts of the pandemic and associated restrictions
- risk reduction through improved commercial governance, legal & assurance and contract management functions

As part of this transformation, we will improve commercial processes and practices and our SME approach will be reviewed through the transformation programme, with emphasis on:

- **Policy** - increasing the profile of the SME agenda across DfE at senior levels
- **Delivery** – improving process and guidance in line with policy objectives to improve delivery
- **Governance** – introducing a structure to set expectations and report progress
- **Communications** – improving engagement across the department and with SMEs
- **Monitoring Progress** – establishing processes to monitor and report against SME related activities

Streamlining Procurement Processes

The DfE recognises that SMEs may find the significant amount of documentation required to tender for public contracts a barrier. We are continually looking at ways to simplify our procurement processes, making them easier for businesses to understand and navigate. We are committed to creating fair procurement opportunities to ensure small businesses are more informed and competitive when bidding for government contracts. We operate Lean Procurement and adopt a proportionate approach to lower value procurements to minimise burden on SMEs. We will look to minimise complexity when designing our technical evaluation criteria, make use of shortened low value contract terms and identify opportunities to break down requirements into smaller Lots where appropriate, in order to be more attractive to smaller businesses.

Engagement with SME supplier community

Our new commercial operating model will provide increased opportunity for pre-market engagement, and we will talk to potential suppliers at market engagement events, remotely where necessary, to understand market drivers and capability and will use this opportunity to encourage SMEs to work with us, either directly or through our supply chain.

Contract Management

We will focus support for SMEs throughout the contract lifecycle, whether we have a direct or indirect relationship with them. We will ensure that our supply chain delivers against contractual obligations. We will endeavour to ensure prompt payment from the department and its suppliers in accordance with Cabinet Office directives. We will implement measures such as [Procurement Policy Notice 04/18](#)² to assess and manage our suppliers approach to payments throughout the supply chain. Our contracts will include contract terms around payment terms which support SMEs financially and operationally.

SME Champions and SME Champions Working Group

We have recruited a dedicated SME lead who will drive forward and embed the SME agenda within the department. The SME Champion will chair a working group of category focussed DfE SME Champions who will meet regularly to support the delivery of our Action Plan, support data returns and share good practice regarding SME engagement and consideration during procurement activities. The SME Champion will work closely with the Cabinet Office SME team and attend cross government SME network events, liaising with other departments across government to understand what works well elsewhere, and how this can be applied to DfE commercial activity.

Data gathering and Reporting

A centralised DfE Commercial Insights Team will improve the SME data gathering and reporting function, supported by our new e-Procurement system Jaggaer. This will give us greater assurance regarding SME identification and the accuracy of direct and indirect spend data. It will also improve data relating to the success of SMEs in our procurements.

² Procurement Policy Notice 04/18 www.gov.uk/government/publications/procurement-policy-note-0418-taking-account-of-a-suppliers-approach-to-payment-in-the-procurement-of-major-contracts

Procurement Policy Note 11/20 Reserving Below Threshold Procurements

[PPN 11/20](#) creates opportunities for central government departments to reserve procurements below Public Contracts Regulation thresholds for SMEs, VCSEs or by geographical area. The department will seek to maximise the opportunities this policy provides to benefit SMEs and support the government's commitment to levelling up the UK economy by tackling inequality and giving everyone across the country the opportunity to fulfil their potential.

Actions Table

Below is a table setting out some of the proposed programmes, actions and interventions the department has agreed to help break down barriers and increase departmental spend with SMEs.

How DfE will increase spend with SMEs: actions table

Action	Description
Implementation of SME Champions Working Group	A cross department working group which will meet regularly to implement action towards delivery of the SME agenda.
Implementation of Category Management	A new commercial operating model that will enable greater efficiencies and value release throughout departmental procurement. Greater governance through category strategies and enhanced market engagement and knowledge will enable opportunities for improved SME engagement and collaboration.
SME Bidding Guidance	A published guidance document available to all SMEs to support them in bidding for departmental contracts.
Implementation of Policy Working Group	A working group of commercial policy and category team representatives who will meet regularly to review and improve departmental policy and guidance documents. This may include but is not limited to maximising SME engagement within departmental policy and guidance.
Updates to departmental SME Gov.uk pages	An update to the departmental gov.uk SME pages detailing where to find contracting opportunities, departmental support with queries and information regarding the SME agenda.
Creation and recording of KPIs against key policy	A KPI regarding prompt payment will be developed and process set up to report against it to measure the department's performance against this key policy area.
Strategic Supplier Relationship Programme	The department will continue a programme of alignment with some of its strategic suppliers through Joint Business Plans created for the duration of their commercial relationship. This alignment will allow for maximised engagement on the SME ambitions at a strategic level and increased communication of the department's targets throughout the supply chain. The department is exploring expansion of this programme to align with more strategic suppliers through the creation of Joint Business Plans to extract additional value from the relationship.
ALB Inclusion in SME Champions Group	The SME Champions Group will be expanded to include direct representation from the department's Arm's Length Bodies (ALB). This will further improve SME consideration within DfE.
Implement PPN 11/20	The department will consider, where appropriate, reserving below thresholds for SMEs / VCSEs.

Actions delivered (as of April 2021)

We said we'd:

- **Create an SME Champions Working Group** - The SME Champions Working Group consists of members from all categories with a variety of grades to ensure the agenda embeds successfully within the categories. The group has met multiple times and has had attendance from the SME Crown Rep and other Cabinet Office small business representatives. Through the working group, commercial policy has supported categories in SME consideration for category planning, engagement ideas and consideration in a new Capital Framework
- **Create a Policy Working Group** - The Policy Working Group chair maintain links with the SME Champions group to ensure SME consideration or emerging SME Policy is included in commercial activity wherever possible
- **Implement Category Management** - The new commercial operating model in DfE continues to mature and evolve delivering more robust commercial process with improved governance across the department
- **Improve data gathering and reporting** – We have implemented a new data management system in the department to improve the data quality and scope from which SME data can be gathered. The quarterly returns for direct spend and annual return for indirect spend have also been handed over to the dedicated Commercial Intelligence Team to improve efficiency and accuracy
- **Engage with Cabinet Office Working Groups** - While part of Cabinet Office working groups and in support of the agenda, the department has been able to feed into and support the launch of the prompt payment PPN and share or learn good practice around SME engagement
- **Published SME focused guidance documents** - We have published two documents specifically designed to support SMEs wishing to bid for government contracts. One document on [How to bid for government contracts as an SME effectively](#) and a second on [How to bid for government contracts as a consortium](#), both break down barriers for SMEs in what can appear a daunting part of doing business with government
- **SSRM Programme** – The department has implemented a programme to strategically align with five of its strategic suppliers. This increased alignment has allowed the department to more readily engage the suppliers on its objectives at a strategic level and has already delivered benefits, with more planned for delivery. This ongoing alignment allows the department to more directly influence SME activity within the supply chain

Risks to the delivery of our targets

Public sector procurement is subject to a legal framework which encourages free and open competition and value for money, in line with the Public Contract Regulations 2015.

The risks set out below have been identified as having potential impact on delivery of our SME targets. The mitigations to these risks are regularly reviewed.

Risks and mitigations of delivering SME targets

Risk	Mitigation
Prime contractors may not always support activities to improve supply chain data or sub-contracting to SMEs	SSRM programme and focussed supplier engagement events to highlight the importance of SMEs in the supply chain
Implementation of our new Commercial Operating Model will take time to embed and may detract initial focus from our SME agenda	SME Champion to engage regularly with Category Champions to review Action Plan and maintain focus. Engagement with Senior Leadership Team to secure on-going support
Source data may be incomplete or of variable quality. This is in terms of direct data from accounts payable systems and indirect data collection from suppliers. This could lead to inconsistent spend reporting	Engagement with DfE Commercial Insight Team to focus on strengthening of quality/timely data returns
COVID-19 and associated restrictions means that usual supplier engagement might not be possible, or procurement processes modified for speed that might disadvantage SMEs	The department will take advantage of smarter working technologies where possible to engage markets and follow all government advice and associated PPNs regarding reactionary or modified procurements due to the pandemic
SMEs may have been adversely affected by COVID-19 and associated restrictions meaning their capacity to bid for government business may be diminished	PPN 11/20 Reserving Below Threshold Procurements and mindful procurement practices will give greater opportunities for SMEs to bid for DfE business, while Social Value policy driven engagement by the department with larger suppliers will benefit supply chains

Case Study Examples

Mental Health Schools Link Programme procurement

We undertook market engagement specifically designed to support SME involvement in a national contract with a value of approximately £10m. This has created an opportunity for SMEs to be part of the supply chain.

Dance and Drama Award Scheme

We ran an OJEU open competition to refresh the award scheme's approved supplier list. The scheme provides income assessed financial support for students aged 16 - 23 to attend and train at private institutes in order for them to attain a diploma from The Trinity College London in the performing arts. Using a standardised application approach to assess finance and quality we received expressions of interest from over 20 organisations, many of whom are SME's. Many have been successful at evaluation stage and are now waiting for completion of an Ofsted inspection which is the next stage of the evaluation process. The refreshed list will be announced in the summer 2019 and will go live in 2020.

T Levels

We published an Early Engagement notice to initiate market engagement for the Wave 1 T Levels, being commissioned jointly by DfE and the Institute for Apprenticeships. We actively encouraged our openness to delivery of services via consortia (which may include SME's).

Contracts for the first three Pathways have been awarded, one of those contracts to a Voluntary, Community and Social Enterprise organisation.

In preparation for Wave 2 contracts, we have held several workshops covering "Establishing and Working as Part of a Consortia" and "Bidding for Public Sector Contracts" with potential suppliers who will be bidding for T levels in future, many of which are SME's. This increases their capability, awareness and confidence in bidding for these opportunities. These were in addition to our usual market engagement activity, and both sets of workshops were well attended and received.

An SME Story

[Read about how an SME has been³ working with our department](#) and the benefits that brings in their own words.

Department for Education SME Spend Ambitions

The table below sets out the department's spend ambitions towards delivering the SME agenda.

³ An SME Story <https://www.gov.uk/government/case-studies/smartsurvey-working-with-department-for-education>

DfE SME Spend Ambitions

Year	Total SME Spend Ambition	Direct SME Spend Ambition	In-Direct SME Spend Ambition
2019-20	32%	22%	10%
2020-21	33%	22.5%	10.5%
2021-22	33.5%	23%	10.5%



Department
for Education

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