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[Department
for Education](#)

Policy paper

Department for Education's small and medium-sized enterprise (SME) action plan: 2025 to 2028

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Applies to England

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How we are backing your business

Through [Backing your business: our plan for small and medium-sized businesses](#), we are delivering the most comprehensive package of support for small and medium-sized enterprises (SMEs) in a generation.

Growth is this government's number one mission and SMEs are the engine room. Our plan is to make the UK the best place to start and grow a business, with a culture that supports entrepreneurship in every community and high street.

We're delivering:

- the most significant legislation to tackle late payments in over 25 years, giving the UK the strongest legal framework on late payments in the G7
- a new Business Growth Service to simplify finding advice and support, including a new streamlined digital offer – [Business.gov.uk](#), ending the chop and change of previous government business support programmes
- a package of support tailored to high streets to make it easier for SMEs to set up shop, ranging from a new licensing framework to targeted funding for places
- a massive £4 billion finance boost to increase access to finance for entrepreneurs – to inspire the next generation of small business owners, make the UK the best place to start and grow a business, and build a culture that celebrates and champions entrepreneurs

We also committed to making SMEs a national priority, ensuring they have a fair opportunity to win public contracts and setting ambitious SME targets for each department. Each departmental SME action plan sets the steps government departments are taking to maximise SME and start-up spend across their department and wider agencies. These plans also include [departmental targets for direct spend](#) with SMEs and the actions being taken to remove and reduce barriers to SMEs bidding for government contracts.

The [Procurement Act 2023](#) creates a more simple and transparent procurement regime, making it easier for SMEs to do business with the government. This action plan sets out why SMEs should work with us, where to find opportunities, and the actions we are taking to reduce barriers for SMEs in bidding for work.

The plan is monitored through an annual publication (as a minimum) of our direct

spend with SMEs as a percentage of our total procurement spend.

SMEs are suppliers that have fewer than 250 staff, and have a turnover of an amount less than or equal to £44 million or a balance sheet total of an amount less than or equal to £38 million. For more information, see [Clause 123 of the Procurement Act 2023](#).

Departmental SME action plans set the steps departments are taking to maximise SME and start-up spend across their department and wider agencies. These plans include [departmental targets for direct spend](#) with SMEs and the actions being taken to remove and reduce barriers to SMEs bidding for government contracts.

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Foreword

SMEs are the backbone of the UK economy, driving innovation and contributing significantly to the communities we serve. Within the education sector, SMEs play an essential role in supporting schools, colleges, and further education providers by bringing specialist expertise, fresh perspectives, and agility. Their involvement strengthens the overall system and delivers substantial social and economic value nationwide.

While the DfE rightly directs most of its funding to schools, further education and colleges, we know the education sector also works closely with SMEs at a local level, ensuring that this vital funding continues to flow through the SME sector and strengthens its role in the economy. We recognise that SMEs are instrumental in enabling these institutions to thrive. Whether delivering high-quality services, championing local skills, or creating employment opportunities, SMEs make a meaningful difference to learners, families, and communities every day.

This commitment aligns directly with the **DfE Opportunity Mission**, which focuses on breaking the link between a child's background and their future success by improving early years development, raising attainment, and ensuring all young people can progress into good education, training, or employment. The mission sets out 4 key pillars—best start in life, every child achieving and thriving, skills for opportunity and growth, and family security—and emphasises the need for strong partnerships across sectors to deliver better outcomes for children and young people. SMEs, through their innovation and local impact, play an important role in supporting these pillars by strengthening provision, driving up quality, and contributing to more equitable outcomes across the system.

I am committed to further harnessing the value SMEs offer. This includes ensuring they have every opportunity to work with us and that the playing field is genuinely level. We remain focused on removing unnecessary barriers, simplifying processes, and opening up more opportunities for SME suppliers across all areas of our work.

This action plan outlines how we will continue to support SMEs, strengthen our engagement with them, and increase the proportion of our spend with this vital part of the economy. By working in partnership, we can build a more diverse and dynamic supply chain that delivers better outcomes for the education sector and for society as a whole.

Our target for direct spend with SMEs for 2028 is 10%, however, I have already commissioned forward looking opportunities to be explored, including joined up work across government departments, which should result in achieving more in future years.

Minister of State (Minister for School Standards) at the Department for Education

There are 5.5 million SMEs in the UK, with SMEs representing 99% of all businesses and 60% of the employment in the UK. Economic growth is the number one mission of this government and 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 2025 to 2026. 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.

Department overview

The Department for Education (DfE) is the lead department for the government's mission to break down the barriers to opportunity, working to deliver better life chances for all, breaking the link between background and success. We will work with our delivery partners to create opportunities for children and learners to achieve and thrive today, so they have the freedom to succeed and flourish tomorrow, strengthening our society, powering our economy, and enabling equality.

Our priorities are to:

- drive economic growth through improving the skills pipeline, levelling up productivity and supporting people to work
- 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
- provide the best start in life through high-quality early education and childcare to raise standards and help parents to work

DfE believes working with SMEs will contribute to the achievement of the priorities, whether that is through directly contracting with the department, schools or colleges, through direct grants or as key partners in our supply chain.

DfE is supported to achieve the priorities by 18 Agencies and Public Bodies. Further information about [DfE and our priorities](#) is on GOV.UK.

Why SMEs should work with us

Supplier diversity is key to a healthy marketplace, creating opportunities for entrepreneurship, supporting economic growth and business creation. DfE understands the challenges and barriers faced by suppliers, especially SMEs, when contracting with government departments and is committed to tackling them. DfE

recognises that SMEs are often agile and innovative in their approach which can lead to the development of new products, services and technologies, which in turn can encourage and increase competition, leading to better value for the taxpayer. SMEs can also provide wider social benefits as they often based within local communities and create job opportunities within those communities.

In line with the government aim, DfE wants SMEs to benefit from central government procurement spend, either directly or indirectly, through the supply chain. DfE has committed to this aim by appointing a senior SME sponsor and an SME Champions working group, the role of which is to develop and implement actions across the department to reduce the barriers to procurement identified by SMEs. The Champions group works closely with the SME Crown Representative and is part of the cross-government SME network, helping DfE to understand issues for SMEs and actions that could be implemented to improve outcomes for SMEs.

DfE has previously published SME action plans and implemented actions to encourage SMEs to work with the department and reduce the barriers that SMEs have identified when bidding for contracts within the public sector, some examples of which have included:

- reviewing the procurement documentation to streamline and simplify
- reviewing our business case and other assurance documentation and processes to confirm that the SME agenda has been considered as part of the sourcing strategy, that SME and voluntary, community and social enterprise (VCSE) engagement has been encouraged and larger contracts have been considered for breaking down into smaller lots
- improving the transparency of our procurement opportunities through publishing our pipelines
- working with Data and Finance colleagues to improve our understanding of the SME markets and inform procurement decisions
- raising awareness across the department through training and engagement sessions to improve recognition of the benefits that SME provide
- reviewing our market engagement documentation and incorporating a 'hints and tips and do's and don'ts' section in the presentation to enable SMEs to better understand the bid writing and evaluation process and reduce the barriers that SMEs experience
- developing case studies where SMEs have been successfully awarded contracts to raise the profile of SMEs within the department

Within this plan DfE intends to build on the actions already taken to continue to remove and reduce the barriers for SMEs.

As well as opportunities to contract directly with DfE, significant DfE funding goes to SMEs who are recipients of grants (£11.7 billion in grants to SMEs in 2023 to 2024), and through working directly with schools, colleges and local authorities. For example, our [Get help buying for schools](#) support offer to schools has awarded around a third of its contracts to SMEs in 2023 to 2024, and many of our programmes fund schools and colleges who then procure with local SMEs. Over the last 3 years schools have received £5.7 billion in capital funding from DfE to improve the condition of their estate. This funding is spent locally and provides opportunities for SMEs.

We are also focussed on ensuring that SMEs have great opportunities through our supply chains. For example, the [Schools rebuilding programme](#) and Free schools building programme spend almost £2 billion every year addressing the condition of the school estate, with 82% of the contract value spent indirectly with SMEs through Tier 1 contracting supply chains. We are in the process of tendering a new framework for delivery of future construction activity and across its lifetime, this framework is expected to deliver up to £15.4 billion in projects, with a target of up to 90% of contract value being spent indirectly with SMEs through Tier 1 supply chains.

Links to departmental commercial opportunities

Direct opportunities

One of the most important things contracting authorities can do is to provide the market with information about current and future public contract opportunities by publishing a forward-looking procurement pipeline. The Procurement Act 2023 achieves this by requiring the publication of pipeline notices in certain circumstances. This is of particular benefit to SMEs, as it provides them with time to plan for future work, ensuring a competitive and diverse market.

Pipeline notices (UK1) for any intended requirement over £2 million are published on [Find a Tender Service \(FTS\)](#). View our pipeline of potential activities by

searching for Department for Education UK1 Pipeline Notices.

Our pipeline notices are a forward look for 18 months and are reviewed and updated every 6 months, or as necessary. The forward look is not yet available on FTS; however the individual notices can be viewed.

Read about [how to look at the notices, notifications and the use of data](#).

[Search and apply for contract opportunities](#).

[How to bid for government contracts as a consortium - GOV.UK](#).

Joining frameworks, dynamic purchasing systems and dynamic markets

Joining a commercial agreement, such as a framework, dynamic purchasing system (DPS) or a dynamic market, can put SMEs in front of buyers actively seeking their services.

- framework agreements establish terms for future contracts, providing a pool of pre-selected suppliers from which public sector buyers can call off orders
- DPSs are an 'always open' electronic list of pre-qualified suppliers that public sector buyers use to quickly and flexibly purchase goods, services, or works

[Search the Crown Commercial Service commercial agreement pipeline for upcoming agreements](#).

Joining a supply chain

From 24 February 2025 and the introduction of the Procurement Act 2023, DfE advertises procurement opportunities on FTS. Procurement opportunities prior to that date can be accessed on Contracts Finder. SMEs may want to search for contracts that have been awarded to larger suppliers and look on their websites for any contract opportunities or approach them with an offer to work with them. Working with larger suppliers can be a method of gaining experience of working with government departments.

Further information on [how to do business with our department](#).

Other useful information:

[Selling to government](#)

[Find high value contracts in the public sector](#)

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

Departmental supplier events

DfE recognises that engaging with the market before starting any formal procurement process is good practice and ensures adherence to the principles of fairness, equal treatment, and transparency. Participation in market engagement events allows SMEs to understand what opportunities exist and to share views from SMEs of how the opportunities could be shaped to deliver the best outcomes for the end users.

Early market engagement is also used to inform the development of the delivery model approach, testing of the specification and the financial assumptions, the potential procurement procedure, possible bid evaluation criteria, and overall project timetable to ensure that when going to the market, potential suppliers have sufficient time to respond to tenders.

To help ensure the department meets these objectives, it is recommended that market engagement is undertaken. Market engagement is an important part of the commercial lifecycle and can help:

- gain valuable insight into the current market and potential capability and capacity of future markets
- improve understanding of the current supplier landscape and to identify potential barriers to entries, particularly for SMEs, both in the short and long term
- build the department's commercial intelligence, market health and delivery model assessments to confirm that there is capability and capacity in the market, to test that the proposal is financially viable and to avoid market failure
- promote the department's commercial activity and give the market early insight to encourage competition for upcoming opportunities

The government is committed to creating opportunities for all types of businesses through its buying opportunities. This ranges from large corporate organisations to supporting small businesses and social enterprises, in line with the Government's SME agenda. Supplier diversity is key to creating a healthy marketplace, creating opportunities for entrepreneurship, supporting economic growth and business creation.

All market engagement events are advertised on FTS and the table shows planned market engagement events for contracts that are suitable for SMEs which you may wish to register to attend. Once the actual dates are confirmed the events will be advertised on FTS.

Planned market engagement events for contracts suitable for SMEs

Name of project	Proposed ME or supplier event date	Procurement suitable for SMEs	Value of project
9967_PE and School Sport Partnerships Network	TBC	Yes	TBC
National Centre for Arts and Music Education	TBC	Yes	TBC
R&D: Resilient Schools Pilot, stage 2 (up to 9 contracts)	March 2026	Yes	£37,000,000
Climate Action Support	April 2026	Yes	£7,000,000

Crown Commercial Services (CCS) maintains an [events page for frameworks](#).

Our actions and milestones

DfE has already begun implementing steps towards achieving the actions in this plan as follows:

- continued to participate in cross government SME champions meetings to share ideas and best practice

- extended the membership of the SME champions working group to ensure that SMEs are promoted and considered across all functional areas of the department
- implemented Procurement Policy Note PPN001 to enable the setting of a 3-year direct spend target for SMEs
- initiated engagement with our executive agencies (EAs) and non-departmental public bodies (NDPBs) to understand their SME markets
- improved the presentation data for market engagement to include and encourage SME participation
- developed an action implementation plan and allocated ownership across the champions working group
- working to draft construction contracts that place an emphasis on working with SMEs in the supply chain and reviewing how we can monitor this via contract management

Improvement action	Benefit to SMEs	Milestones for 2025 to 2026
Improve education and awareness for DfE staff and the SME sector	Greater understanding of DfE markets and requirements Knowledge of access routes to contracting opportunities	Investigate alternative methods for gathering market and supplier information to inform sourcing decisions Market engagement and awareness raising sessions planned for 2025 to 2026 for DfE colleagues and SMEs to continue our communication campaign to ensure that SMEs are considered at every stage of the procurement process Implement a survey via our eSourcing system to SMEs that expressed an interest but did not go on to bid to understand the barriers Continue to work collaboratively with government departments to participate in and contribute to cross government engagement and supplier awareness sessions
Improve accuracy of	Greater understanding	Review and improve the quality of the management information in respect of suppliers,

current and future spend data around SMEs	of the markets that SMEs are interested in Opportunity to undertake focussed market awareness to increase access to opportunities	particularly their status as SMEs Improve the data accuracy to enable focussed reporting and data analysis of the SME market Strengthen further engagement with our EAs and NDPBs to include SME data capture and reporting
Improve SME accessibility to bid	Improved bidder understanding of DfE requirements Minimised bureaucracy in tender documents	Continue to review procurement documentation based on feedback Extend the publishing of pipeline notices to include procurements of below £2m to improve transparency

Case studies

Development of case studies is in the early stages, a few examples of which are detailed here. Further development of case studies will be included in the actions to improve education and awareness for both DfE and SMEs.

Get Help with Technology case study

See [DfE Get Help with Technology Programme](#).

National support for market shaping and forecasting

A commitment was made following the publication of 'Stable Homes, Built on Love' to work with local authorities to co-design and test 2 pathfinder Regional Care Cooperatives (RCCs), with a view to rolling out after evaluating the best approach in collaboration with the sector. DfE also committed to procure an external partner to deliver national support for commissioning, market shaping and forecasting to local authorities. The aim was for the external partner to support local authorities to be able to forecast future placement needs more accurately, better understand the overall number of children likely to come into the care system and the different types of placements they might need. This will enable them to perform 'market shaping' activities, so they are able to create and maintain sufficiency. The department ran a mini competition via an ESPO Consultancy and Business Services framework and in turn, contracted with an SME to deliver the work for a total value of £1,704,224. The initial term was for 12 months followed by a 3-month extension to continue to support one of the pathfinders.

National Implementation Board

DfE wanted to explore ways in which we could ensure children and young people play an active part in inputting their views into policy development and delivery. As part of our commitment to doing this we spoke to a range of sector leaders in participation work, as well as to children and young people themselves, about how to do this meaningfully and ensure it has impact in the longer term. The aim for the board is that children's voices remain firmly at the core of our work, and they can support in challenging our policy development. DfE places the need to continue listening to those with lived experience as a priority.

DfE ran an open competition to contract with an organisation to recruit, establish and facilitate the board and relative meetings. It was important that the organisation delivering the service would be able to provide pastoral support for the children and young people, before and after meetings. An SME was awarded the contract for 15 months, at a contract value of £149,500 to deliver the service. The first year of delivery was successful and we are in the process of enacting the 12-month extension that was built into the original contract term.

Our direct spend with SMEs

DfE has published details of the direct percentage spend with SMEs on GOV.UK since 2019 to 2020 with concerns that not all data in respect of total procurement spend was available. One example of this is the Education Estates spend data, which historically has been categorised as non-procurement spend within systems, despite the activity being considered procurement.

In the previously published SME Action Plans DfE committed to improving our reporting and data to enable a more accurate and complete total procurement spend to be identified. An approximate estimate of procurement spend data for Education Estates has been added to the total procurement spend for DfE for 2023 to 2025, alongside the Education Estates direct spend with SMEs.

PPN001, published in February 2025, stated that departments must now include the total procurement spend of NDPBs and EAs in the total procurement spend. DfE has a large number of NDPBs and EAs and has worked collaboratively with those that have an annual procurement spend of over £100 million initially for the purpose of inclusion in the action plan and target setting. Work to establish a reporting process with other NDPBs and EAs is one of the actions for 2025 to 2026.

The inclusion of both Education Estates, NDPBs and EAs has resulted in a significant change to both the total procurement spend and percentage spend with SMEs as detailed in the table below.

In setting the percentage target analysis has been carried out of potential changes to departmental budgets, contracts ending during the period up to April 2028, new services which may be suitable for SMEs and departmental resources. The outcome from this analysis has been factored into the final evaluation of the target set for 2027 to 2028 allowing for the volatility and some level of uncertainty which will remain.

Financial year	Direct spend with SMEs % Target	Published Total procurement spend (£m)	Published Direct spend with SMEs (£m)	Published Direct spend with SMEs %	Total procurement spend (£m) Including Education Estates and NDPBs and EAs*	Direct spend with SMEs %
2019 to	NA	£550	£200	36.30%	NA	NA

2020

2020 to 2021	NA	£769	£223	29.00%	NA	N/A
20212 to 2022	NA	£606	£177	29.20%	NA	N/A
2022 to 2023	NA	£803	£256	31.90%	NA	N/A
2023 to 2024*	NA	£983	£284	28.89%	£2,638	£4,322
2024 to 2025*	NA	£968	£295	30.5%	£3,023	£3,986
2025 to 2026	NA	NA	NA	NA	NA	N/A
2026 to 2027	NA	NA	NA	NA	NA	N/A
2027 to 2028	10%	NA	NA	NA	NA	N/A

*Figures are indicative and subject to change due to TPS being incomplete historically, with estimates for Education Estates provided as the underlying methodology continues to be refined to accurately and completely capture procurement spend.

** NDPBs and EAs included are those that are provided an embedded finance service by DfE. Work is on-going for inclusion of the data from other NDPBs and EAs.

DfE grant spend with SMEs

Separate from the total procurement spend data in the table, DfE also awards grants. For the financial year 2023 to 2024 DfE awarded grants totalling £11.7 billion

to SMEs.

[View historical central government spend with SMEs](#)

Our payment performance

Government is leading by example and paying our suppliers promptly. Late payment is an issue for businesses, especially smaller businesses, as it can adversely affect their cash flow and jeopardise their ability to trade. The government recognises that the public sector should set a strong example by paying promptly. The public sector is required to pay their suppliers in 30 days and report on their performance on an annual basis. 30-day terms also apply in public sector supply chains. Our department's latest payment performance is set out below.

The latest report covering January to March 2025 shows:

- 86% of invoices were paid within 5 days
- 96% of invoices were paid within 30 days

View our [payment statistics](#).

View [further information on government's payment policy and legislation](#).

SME hub

The [small and medium business hub](#) is a dedicated space for SMEs looking to work with the government. Here you will find links to other departmental action plans and centralised guidance on bidding for government work.

Contact us

PolicyAssurance.COMMERCIALQUERIES@education.gov.uk

[Find out about our department](#)

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