The SME Public Sector Opportunity Report

2026 Edition

Government spending ambitions, framework access and practical routes to growth.

An evidence-led white paper for ambitious SMEs.
Includes a readiness assessment and a 90-day action plan.

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The report separates published evidence from Crown Partners interpretation. Numbered references link to the sources at the end.

Executive findings

£7.4bn+

Annual direct SME spending ambition [2]

£45.2bn

Observed 2025 SME spending in England [5]

75%

SMEs among CCS agreement suppliers [6]

SMEs should investigate public sector growth with a defined commercial objective. The strongest case is the combination of published spending commitments, established purchasing channels and practical reforms. The case for any individual business still depends on demand, eligibility, price and delivery capacity.

A measurable policy commitment

The March 2026 announcement describes departmental ambitions to deliver over £7.4 billion a year in direct SME spending by 2028. This is a future spending level, not an additional £7.4 billion allocation. It is not a framework-only budget. [2]

Evidence of an active SME market

The BCC and Tussell England analysis reports £45.2 billion in direct SME procurement spending in 2025 and a 21% share of the spending it covers. That is an observed result with a different scope from the departmental targets. [5]

Frameworks matter but access needs a sales plan

The GCA annual report covering CCS activity in 2025/26 reports £2.89 billion of direct spending with 2,734 SMEs. It also reports that SMEs represent 75% of suppliers on its agreements. Supplier representation and spend are separate indicators. [6]

Crown Partners interpretation

A useful strategy starts with a narrow offer and identifiable buyers. It then selects appropriate routes and prepares the evidence needed to compete. A framework application without evidence of buyer demand can consume time and cash without creating a viable pipeline.

For an existing supplier, the priority is to measure how appointments convert into invitations, bids, awards and retained margin. For a newcomer, the priority is to test whether a smaller direct contract or a supply-chain role provides a better first step.

Recommended decision: establish a 90-day market validation programme before making a substantial investment in framework bidding. Use the assessment and action plan later in this report.

Reading the evidence correctly

The figures in this paper answer different questions. Comparing them without checking their scope would create a misleading picture of both government progress and the addressable market.

Term	Meaning in this report
Direct SME spend	Payment by a public buyer to an SME contracted as the supplier.
Indirect SME spend	Spending that reaches SMEs through a prime contractor or other supply-chain tier.
Target	A planned future outcome. It is not evidence that spending has already occurred.
Framework appointment	Admission to an agreement that permits future contracts under its rules.
Call-off	A contract awarded through a framework.
Supplier share	The proportion of suppliers classed as SMEs. It is not their share of revenue.

Geography and time periods

The business population evidence is UK-wide and relates to the start of 2025. The BCC and Tussell spending analysis is described as covering England and uses calendar years. Departmental targets run to FY 2027/28. CCS activity is reported for the financial year 2025/26. These are not a single statistical series. [1,4,5,6]

What the research can establish

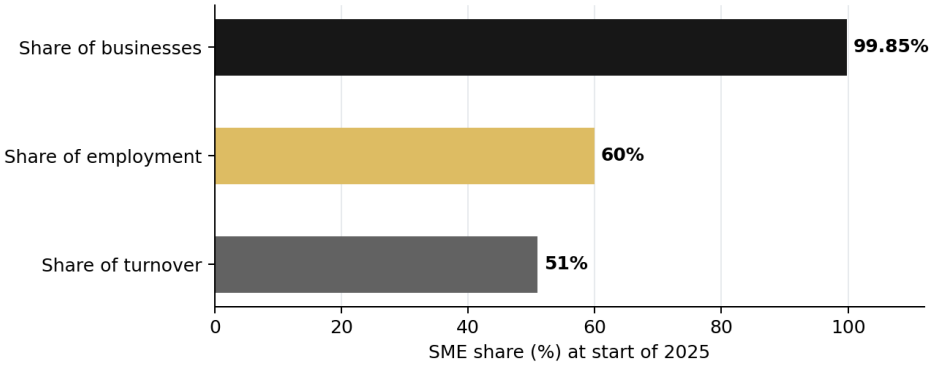
Published policy establishes intent and accountability. Spending evidence establishes reported market activity within each dataset. Neither alone proves that reform caused growth, that every SME has equal commercial prospects, or that framework spending will rise by a specified amount.

This paper uses selected comparable observations rather than estimating missing years. It does not combine overlapping datasets into a new total. Original recommendations are identified as Crown Partners interpretation or practical tools.

Why SMEs are central to the agenda

SMEs are a large part of the economic base from which public buyers source skills, goods and services. The policy agenda therefore has implications for competition, resilience and regional economic activity.

At the start of 2025, DBT estimates 5,681,930 SMEs, 16.882 million associated jobs and £2.829 trillion of turnover. SMEs account for 99.85% of businesses, 60% of employment and approximately 51% of turnover. The release is classified as official statistics in development and includes estimates of unregistered businesses. [4]



Source [4]. DBT Business Population Estimates 2025. SME employment and turnover shares are rounded. Turnover excludes financial and insurance activities.

Crown Partners interpretation

A buyer seeking a specialist service may find capability in a small company that is not prominent in a national supplier market. Smaller lots and realistic evidence requirements can help make that capability accessible. This is a commercial argument for better market design, rather than an assumption that smaller suppliers always provide better value.

For suppliers, the practical response is to explain the benefit of your size through evidence: named expertise, response times, local delivery capability, continuity and measurable customer outcomes. Buyers need assurance that a focused business can perform the contract reliably.

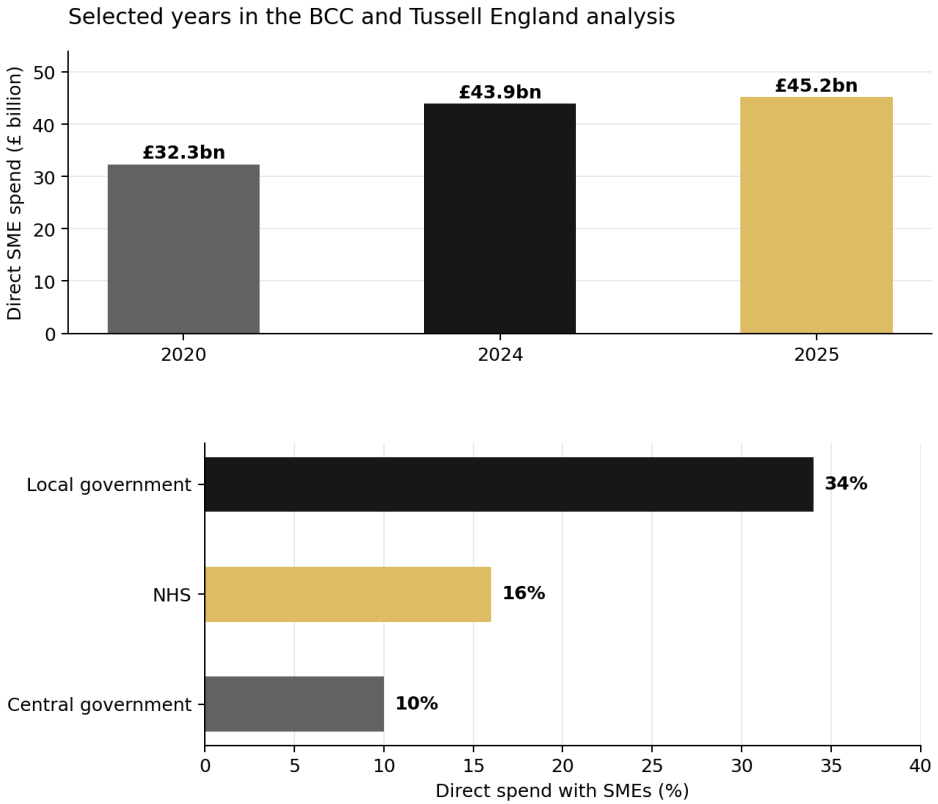
The 2026 business population release was provisionally scheduled for 5 November 2026 when reviewed. This report therefore uses the published 2025 baseline. [14]

What the spending evidence shows

The reported overall SME share increased from 19% in 2024 to 21% in 2025. Local government accounts for £29.1 billion of the £45.2 billion reported SME total. The source reports a 33% SME share in education, training and recruitment, compared with 3% in defence and aerospace. [5]

Crown Partners interpretation

This variation makes buyer selection more useful than a single national headline. An SME should examine its own category and delivery geography before choosing a procurement route. A low historical SME share can indicate an access challenge as well as potential policy attention; it does not demonstrate accessible demand for a particular product.



Source [5]. Selected years and buyer groups from the BCC and Tussell England analysis. Values are nominal, not adjusted for inflation. Charts use the article body figures.

Departmental SME spending targets

Published direct spend targets for the financial year ending March 2028

Department	Target
Science Innovation and Technology	40%
Culture Media and Sport	33%
Cabinet Office	30%
Energy Security and Net Zero	29%
Housing Communities and Local Government	27.5%
HM Treasury	22%
Justice	22%
Environment Food and Rural Affairs	20%
Business and Trade	18%

Department	Target
Health and Social Care	15%
Foreign Commonwealth and Development Office	14%
UK Export Finance	12%
Education	10%
Home Office	10%
Work and Pensions	8%
HM Revenue and Customs	8%
Transport	5.75%

Source [1]. Department names shortened for readability. The table is ordered by target percentage; this is not a ranking of contract opportunity.

Defence separately aims to raise combined direct and indirect SME spending by £2.5 billion to £7.5 billion by May 2028. Transport has a 33% combined target alongside its 5.75% direct target. These measures should not be compared as equivalent percentages. [1]

Turning targets into a buyer strategy

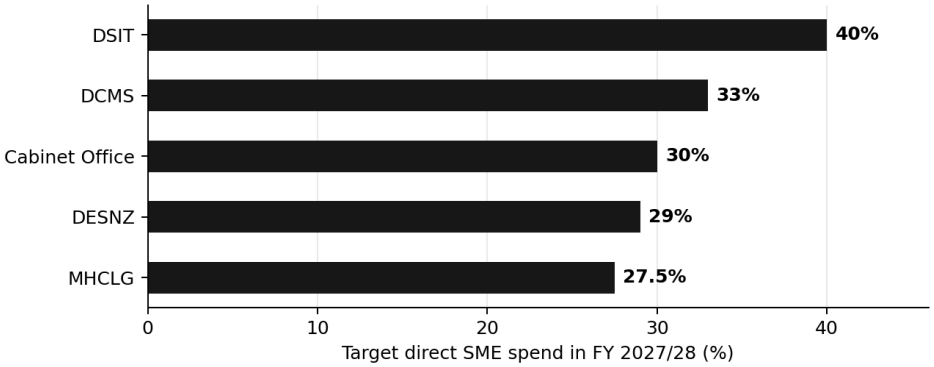
Crown Partners interpretation

A high percentage target is a signal to investigate, not a forecast of work available to your business. A department with a lower target may purchase a much larger volume in your category. Your opportunity depends on the relevant budget, contract scope, renewal cycle and existing supply arrangements.

Build a buyer shortlist by checking four things: the service you can provide; evidence that the buyer purchases it; the route the buyer uses; and the point at which you can compete. Add the departmental action plan as context, rather than allowing its headline target to decide your market selection.

A practical research record

Keep this record for each shortlisted buyer. Where information is missing, record the uncertainty and a date to resolve it. Avoid treating a large framework ceiling value as a confirmed buyer budget or allocating it evenly between suppliers.



Source [1]. Five highest published direct targets. Departmental portfolios and spending bases differ.

Record	Question to answer
Demand	Which published contracts or plans show a requirement we can meet?
Timing	When does the current arrangement end or the next procurement begin?
Access	Is the route a tender, framework, dynamic market or prime supplier?
Commercial fit	Can we deliver at a viable margin with the required capacity?
Next action	Which notice, engagement event or application should we monitor?

What policy and reform change

The SME agenda combines policy targets with procurement rules. They operate at different levels and should be understood separately.

Measure	Practical effect and boundary
Departmental targets	PPN 001 requires direct targets and annual reporting for central departments, executive agencies and NDPBs. It does not mandate the same targets for all public buyers. [3]
SME barriers	Section 12(4) requires covered procurement to consider SME barriers and whether they can be reduced or removed. It is not an automatic preference in evaluation. [7]
Proportionate access	Government guidance highlights lotting and conditions limited to relevant capacity. A supplier must still satisfy the actual procurement requirements. [7]
Insurance and payment	PPN 001 summarises restrictions on requiring contract-performance insurance before award and 30-day supply-chain payment provisions. Check the applicable contract and payment rules. [3]
Open frameworks	Successive frameworks can admit suppliers at reopening points. This provides future entry opportunities, rather than continuous admission. [12]
More visible information	The central digital platform brings procurement notices together. Tender submission can still take place on the buyer’s separate eSourcing portal. [11,13]

Scope matters

PPN 001 expressly excludes NHS trusts and foundation trusts and authorities with devolved or mainly devolved functions in Scotland, Wales or Northern Ireland. Those markets need their own buyer and policy checks. Do not project central departmental targets across the whole UK public sector. [3]

The Act SME definition uses fewer than 250 staff and either turnover no more than £44 million or a balance sheet total no more than £38 million; ownership considerations also matter. Statistical employee-size classifications are not a substitute for checking procurement eligibility. [3]

Framework activity and SME participation

The GCA annual report is filed by the successor organisation but describes CCS activity in 2025/26, before GCA was formed on 1 April 2026. Its commercial agreement measures show both substantial market activity and broad SME participation. [6]

Published measure	2025/26 result
Spend facilitated across commercial activity	£42 billion
Direct spend on common goods and services	£34.4 billion
Direct spending with SMEs	£2.89 billion
SMEs receiving direct spend	2,734
Suppliers on agreements that are SMEs	75%
Suppliers with reported spend that are SMEs	63.4%

Source [6], chief executive introduction, key measures and SME section. The spending measures have different definitions and are not interchangeable. Commercial agreements are a broader label than framework-only contracts.

Crown Partners interpretation

A high share of SME suppliers shows participation. It does not tell us how revenue is distributed or whether all appointed firms win work. The two supplier percentages use different denominators; their difference cannot be interpreted as the proportion of SMEs that receive no spending.

This is why a supplier needs two connected plans: a plan to gain suitable access and a plan to convert access into contracts. The latter should identify likely buyers, an offer that fits the lot, a clear contracting route and evidence that makes selection easier.

The data here does not support a framework-wide estimate of an individual SME’s chance of winning, average annual earnings or share of future call-offs. Those questions require agreement-specific data and a defined cohort.

Choose a route that fits your business

Route	Entry and use	When to investigate
Standard framework	Usually apply at establishment. Buyers award call-offs under the agreement rules. [8]	When known target buyers use the agreement and your offer matches its lots.
Open framework	Apply at a scheduled reopening within a scheme of successive frameworks. [12]	When there is a forthcoming entry point that matches your growth timetable.
Dynamic market	Qualify for membership during its life; compete for contracts subsequently. It is distinct from a framework. [10]	When you need an ongoing entry route and can satisfy the market conditions.
Legacy DPS	A prequalified supplier arrangement under the previous regime, where still operating. [10]	When a live system covers your offer; check expiry and transition arrangements.
Standalone tender	Compete for a defined requirement outside a framework call-off.	When the scope and contract size fit your evidence and capacity.
Prime supplier partnership	Deliver an agreed part of another supplier’s public contract.	When specialist capability fits but the whole contract exceeds your reach.

Important framework boundaries

Government guidance says most frameworks do not commit buyers to placing call-offs. Awards can require further competition; an award without competition must follow the permitted mechanism. Open frameworks reopen periodically, rather than admitting suppliers at any time. [8,12]

Crown Partners recommendation

Select a primary route and a fallback route. For example, pursue an appropriate future framework while testing smaller contracts or subcontract delivery now. Use partnerships to close a specific capability gap, with clear commercial responsibilities and payment terms.

Assess a framework before investing

Use this assessment before paying for bid support or allocating management time. It is a Crown Partners planning tool, not an official qualification method. Record evidence for each answer.

Check	Evidence to request or collect
Buyer use	Named eligible buyers and evidence that target buyers actually use the agreement.
Demand and timing	Relevant historic awards, pipeline requirements and renewal dates.
Scope and lot fit	A match between the lot and your deliverable service, region and capacity.
Entry conditions	Financial, technical and exclusion requirements you can substantiate.
Call-off process	How invitations, competitions, catalogues and any objective award mechanisms work.
Competitive position	Incumbents, supplier numbers and a defensible reason for a buyer to choose you.
Cost and margin	Bid costs, fees, reporting effort, working capital and delivery margin.
Contract risk	Liability, service levels, mobilisation, pricing changes and exit obligations.

The fee question

The Framework Practice Guide draws attention to levy transparency, supplier access charges, lot design and market concentration. Suppliers should examine the disclosed funding model alongside the practical value and buyer demand. [9]

A disciplined decision rule

Proceed when demand, eligibility and delivery economics are evidenced. Investigate further where a material uncertainty is resolvable. Decline where the scope is a poor fit or the commercial exposure cannot be justified. A framework’s maximum advertised value alone is insufficient evidence.

Engage before the tender arrives

Early preparation gives an SME time to understand a requirement and demonstrate relevant capability. It also reduces the risk of discovering an essential evidence gap immediately before the deadline.

Use procurement information as a sequence

The enhanced Find a Tender service is the central digital platform. Government guidance explains registration, searching and notices including pipeline and preliminary market engagement information. Check notices for the buyer's submission instructions and portal. [11,13]

Crown Partners practical approach

First, define searches. Use the buyer's language for your service, related terms, locations and relevant classifications. A narrowly named product can miss a wider requirement in which it would be used.

Second, inspect the history. Review previous awards to understand the buyer, contract length, delivery model and incumbent. The historic value is a reference point, not a promise about the next contract.

Third, participate openly. Respond through advertised market engagement channels. Offer evidence about delivery options, realistic mobilisation, SME participation and proportionate requirements. Follow the buyer's instructions and avoid requests for preferential access.

Fourth, record the next milestone. Track when the tender or framework application is expected, who owns your response and what information is still required. Confirm dates from the procurement source rather than relying on an old pipeline entry.

A useful first contact

Introduce the relevant service and one or two evidenced outcomes. Ask how to take part in announced engagement or where future procurement information will be published. Keep a clear distinction between capability discussion and a formal bid.

An engagement meeting is a learning opportunity. The measure of success is a clearer understanding of demand and route, not an assumption that a contract will follow.

Assess your readiness to compete

Score each area 0 if absent, 1 if partly prepared and 2 if evidenced and current. The score is a Crown Partners diagnostic, not a certification, legal assessment or predictor of tender success.

Area	What a score of 2 requires
Buyer demand	Named buyers with evidenced requirements that match your offer.
Route to market	A suitable open route or a documented forthcoming entry point.
Customer evidence	Relevant case studies with verified outcomes and available references.
Financial position	Required accounts and financial evidence, with capacity for working capital.
Delivery capacity	Named resources, realistic mobilisation and continuity arrangements.
Quality and safety	Relevant processes, competence and contract-specific evidence.
Security and information	Required controls for the service and data involved.
Social and environmental outcomes	Credible measures and resources for relevant buyer requirements.
Pricing and risk	A viable price including fees, obligations and delivery exposure.
Ownership and response	A responsible lead, monitored portals and an internal review process.

0 to 7: prioritise preparation and demand validation. 8 to 14: close material gaps before committing to larger bids. 15 to 20: investigate suitable live opportunities with a contract-specific review.

These bands are illustrative management prompts. A high total does not compensate for failure to meet a mandatory requirement. Check every procurement on its own terms; do not acquire certifications solely because they appear in a generic checklist.

Your first 90 days

This plan is designed for an SME with an appetite to explore the market. Adjust the pace to resources and application deadlines. Appoint one commercial owner and keep a record of evidence and decisions.

Period	Actions	Output
Days 1 to 15	Define one or two offers. Complete the readiness assessment. Identify capacity and margin boundaries.	Capability statement and a prioritised gap list.
Days 16 to 30	Research target buyers and past awards. Compare routes. Check relevant pipelines and entry dates.	Evidence-backed shortlist of buyers and procurement routes.
Days 31 to 45	Prepare case studies, financial evidence and contract-specific policies. Resolve material gaps.	Reusable evidence pack with owners and review dates.
Days 46 to 60	Respond to suitable engagement. Assess frameworks and partners. Review fees, scope and risk.	Recorded route decisions and next milestones.
Days 61 to 75	Apply or bid only where fit is established. Review compliance, pricing and delivery commitments.	A checked submission or a documented future bid plan.
Days 76 to 90	Develop buyer visibility and call-off response processes. Review results and refine targeting.	A 90-day follow-on plan with measurable activity.

Measure progress realistically

Track qualified buyers, suitable opportunities, unresolved evidence gaps, engagement responses, invitations and compliant submissions. Once contracts are pursued, add win rate, bid cost, retained margin and payment performance. Do not treat downloads, portal registrations or framework appointments as revenue.

An existing framework supplier can start at the buyer research and conversion stages, while still checking whether its evidence and commercial terms remain current.

What progress should look like

The credibility of the SME agenda will depend on delivered outcomes. Crown Partners recommends reading future government releases against a consistent set of questions, rather than relying on announcements alone.

Indicator	What to examine
Actual direct spending	Comparable annual results against each department’s own baseline and target.
Indirect participation	Clear treatment of supply-chain spending, reporting coverage and overlap.
Framework access	Appropriate lots, proportionate entry and realistic opportunities to join.
Conversion to contracts	Awards and revenue reaching SMEs, rather than supplier counts alone.
Market distribution	Whether spending reaches diverse suppliers or remains concentrated.
Supplier experience	Bid effort, payment, delivery risk and the sustainability of margins.

The evidence still needed

A reliable national framework-only SME spending series would require a defined set of agreements, consistent supplier classification, comparable call-off spending and controls against double counting. The sources reviewed here do not provide that complete series. Consequently, this paper makes no numerical forecast of additional SME spending through frameworks.

The commercial conclusion

Government ambition is a reason to investigate the market. A viable strategy requires more: an identifiable requirement, an accessible procurement route, a substantiated offer and a delivery model that works financially. Frameworks can form a valuable part of that strategy when these conditions are present.

Turn evidence into a growth plan

Your public sector success partner

How Crown Partners can help

Crown Partners can support the practical work of assessing routes, preparing compliance evidence, identifying suitable opportunities and planning engagement. A Public Sector Opportunity Review should result in a focused buyer shortlist, readiness priorities and agreed next actions. Any platform functionality should be assessed against the service available at the time.

To discuss your business, visit www.crownpartners.co.uk. Crown Partners is independent of the government bodies referenced in this publication.

Start with your commercial objective

A useful first conversation should establish what you want public sector growth to achieve, what you can deliver and where you already have evidence. Agree a small number of realistic actions rather than an unfiltered list of tenders.

Connect the work across your supplier journey

Get compliant: identify the evidence and controls required by suitable buyers.
Access frameworks: assess the routes that match your service and commercial goals.
Identify opportunities: connect buyer demand and procurement timing to your offer.
Win contracts: prepare a competitive response and a viable delivery commitment.

Visit the Crown Partners contact page to arrange a conversation. Bring the completed readiness assessment and your current buyer shortlist so the discussion starts with your priorities.

Methodology and data limitations

This white paper is a synthesis of publicly accessible policy documents, statistical releases, official annual reporting and a published industry research summary. It includes original Crown Partners interpretation and practical management tools. No proprietary spending database, original survey or interview programme was used.

Source selection and treatment

Government sources were used for policy commitments, scope and procurement guidance. DBT supplies the business population baseline. GCA reporting supplies CCS commercial agreement indicators. The BCC publication supplies the publicly stated results of its joint analysis with Tussell. The full underlying Tussell dataset was not obtained or independently audited.

Figures were transcribed from the sources cited. Charts are original visualisations of published observations; they do not interpolate unreported years. Departmental targets are shown individually without a simple average, because a percentage average would ignore differing spending bases.

Specific cautions

The BCC article’s body identifies local government at 34%, NHS at 16% and central government at 10%. A quotation later in the article appears to reverse the last two categories. This paper follows the article body and flags the discrepancy rather than treating the quote as an alternative series. [5]

DBT’s business estimates include an estimated unregistered population and are official statistics in development. SME definitions and classification methods can vary across statistical and procurement sources. [4]

The GCA publication describes 2025/26 CCS activity and contains several differently defined spending measures. This paper retains their published labels and does not divide the SME spending figure by a broader total to create an unverified share. [6]

Updates and use

Evidence was reviewed on 8 October 2026. Refresh the targets, annual spending releases, procurement guidance and business population figures before a later edition or campaign. A named procurement’s documents determine the relevant eligibility and process. This report offers commercial orientation and does not replace procurement-specific advice.

Sources and further reading

All links reviewed 8 October 2026

[1] Departmental Small Business Procurement Targets
Cabinet Office | 24 March 2026
Open the source publication

[2] Government announcement of SME spending targets
Cabinet Office | 24 March 2026
Open the source publication

[3] PPN 001 SME and VCSE procurement spend targets
Cabinet Office | 13 February 2025
Open the source publication

[4] Business population estimates 2025 statistical release
Department for Business and Trade | 2 October 2025
Open the source publication

[5] Procurement Spend with SMEs Hits Six Year High
British Chambers of Commerce and Tussell | 21 May 2026
Open the source publication

[6] Annual report and accounts 2025 to 2026
Government Commercial Agency | July 2026
Open the source publication

[7] Guidance on covered procurement objectives
Cabinet Office | Current online guidance
Open the source publication

Sources and further reading continued

All links reviewed 8 October 2026

[8] Guidance on frameworks
Cabinet Office | Current online guidance
Open the source publication

[9] The Framework Practice Guide
Cabinet Office | September 2026
Open the source publication

[10] SME action plan 2025
Crown Commercial Service | 20 October 2025
Open the source publication

[11] Buyers and suppliers using the Central Digital Platform
Cabinet Office | Current online guidance
Open the source publication

[12] Procurement Act 2023 explanatory notes on frameworks
UK Parliament | 2023
Open the source publication

[13] Guidance on central digital platform and publication
Cabinet Office | Current online guidance
Open the source publication

[14] Business population estimates 2026 release announcement
Department for Business and Trade | Updated 30 September 2026
Open the source publication

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