

Government joins forces with industry to tackle late payments

Thursday 16 August, 2012

The Government has today reaffirmed its commitment to help improve the supply chain cashflow for UK firms by joining forces with small business representative bodies to tackle the issue of late payment.

Members of the Small Business Economic Forum (SBEF) have all signed an agreement to work together to develop new measures to ensure that payments are secured and made on time.

Business and Enterprise Minister and Chair of the SBEF Mark Prisk said:

"Large firms have a responsibility to ensure their suppliers are paid on time. These payments are vital to businesses in the supply chain which rely on contracts with larger firms to thrive and need confidence that they can plan for the future without worrying that payments will be late.

"Working with industry bodies to encourage their members to sign the Prompt Payment Code and commit to making payments on time is a significant step forward. We mustn't be complacent and stop here but I hope to see businesses across the country joining us to help ensure payments are reaching suppliers on time."

Philip King, Chief Executive of the Institute of Credit Management said:

"Collaboration across businesses and with the support of Government is critical to tackling the vital importance of prompt payment, which is why we have been proud to host and administer the Government's Prompt Payment Code. Prompt payment and treating suppliers fairly needs to become part of our business culture, and the benefits of therefore becoming a 'preferred customer' more clearly communicated and understood.

"Our advice, and the message in our Managing Cashflow Guides published with BIS, is that suppliers should not be bullied into accepting unfavourable terms from their customers, and that they should negotiate payment as part of the bigger trading relationship."

Phil Orford, Chief Executive of the Forum of Private Business said:

"Late payment forces businesses to close, plain and simple. Ensuring small firms are paid on time and in full is key to their future growth and prosperity, and also to the UK's economic prospects.

"We need more large companies at the top of the supply chain to commit to the principle of prompt payment, to understand that squeezing their suppliers out of business ultimately means less choice for customers, but small business owners also have a responsibility to address late payment by implementing cash flow management as a standard business processes.

"We are providing the advice, guidance and support entrepreneurs need, backing this statement and supporting the Government's drive to help smaller firms know their rights and understand there are measures they can embrace to minimise the problem of late payment, while also working with large firms to encourage a culture of prompt payment."

The statement signed by the SBEF encourages their members to:

- Proactively agree payment terms before delivering orders.
- Raise complaints over late payment from Prompt Payment Code signatories and use legislation already in place to pursue late payers.
- Use electronic invoicing where possible.
- Follow the advice in Get Paid!, a recent guide for small business which contains tips and hints for suppliers and customers.

To date 1,115 businesses have signed up to the prompt payment code. Government is working with

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businesses of all sizes to encourage them to sign up to the code.

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