



IoD Instrumental in Late Payment Lobbying Win: Prompt Payment Code is Launched

The issue of late payment has been a longstanding concern of the IoD and we have aggressively lobbied the Government to take the issue seriously.

It was therefore deeply regrettable to see the issue slip so far down the Government's agenda throughout 2006 and 2007. After all, even in those relative 'good times' 25% of SME members considered the issue to be having a negative impact on their businesses.

With worsening availability of credit in 2008, the IoD stepped up its lobbying on your behalf, resulting in government changes to its own payment terms, which have now narrowed to 10 days.

These were vital improvements, with Policy Voice data in November '08 showing that 53% of members had noted a worsening of late payment practices and that a further 43% felt late payment was as widespread as in 2007.

Deeply concerned by this feedback, the Institute took your views to government and in no small part, due to their impact; further action is now underway.

Shortly before Christmas last year, the Government announced that in co-operation with the IoD and other business organisations it was launching the 'Prompt Payment Code'. This voluntary Code aims to establish a clear and consistent policy in the payment of business to business bills and has been strongly welcomed by the Institute.

Already companies including John Lewis and Asda have joined the IoD as signatories to the Code and we encourage members to take a couple of minutes to add their own organisations to the list of supporters and show that the IoD remains at the forefront of good payment practices.

To sign up, please visit: <http://www.promptpaymentcode.org.uk/>

The Prompt Payment Code in full:

Pay suppliers on time

- within the terms agreed at the outset of the contract
- without attempting to change payment terms retrospectively
- without changing practice on length of payment for smaller companies on unreasonable grounds

Give clear guidance to suppliers

- providing suppliers with clear and easily accessible guidance on payment procedures
- ensuring there is a system for dealing with complaints and disputes which is communicated to suppliers
- advising them promptly if there is any reason why an invoice will not be paid to the agreed terms

Encourage good practice

- by requesting that lead suppliers encourage adoption of the code throughout their own supply chains