



Department for
Business, Energy
& Industrial Strategy

The Reporting on Payment Practices and Performance Regulations

Statutory Review – Invitation to Contribute Views and Evidence

Closing date: 4 February 2022



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Any enquiries regarding this publication should be sent to us at: responsiblepaymentculture@beis.gov.uk

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General information

Why we are seeking views

Regulations made under section 3 and 161(2) of the Small Business, Enterprise and Employment Act 2015 (and, for limited liability partnerships (LLPs), made under section 15 and 17 of the Limited Liability Partnerships Act 2000), introduce a duty on the UK's large companies and LLPs to broadly report on a half-yearly basis on their payment practices, policies and performance for financial years beginning on or after 6 April 2017.

The legislation governing the reporting requirements for companies are the Reporting on Payment Practices and Performance Regulations 2017 and for LLPs, the Limited Liability Partnerships (Reporting on Payment Practices and Performance) Regulations 2017.

The information must be published through a web-based service provided for the purposes of the Regulations by or on behalf of the Secretary of State which is available to the public.

The objectives of the reporting requirement are firstly to increase transparency and public scrutiny of large businesses' payment practices and performance and secondly to give small business suppliers better information so they can make informed decisions about who to trade with, negotiate fairer terms, and challenge late payments.

The Regulations provide that the Secretary of State is required to review these Regulations and publish the report before 6 April 2022. The report must in particular:

- (a) set out the objectives intended to be achieved by the regulatory provisions established by these Regulations,
- (b) assess the extent to which those objectives are achieved, and
- (c) assess whether those objectives remain appropriate and, if so, the extent to which they could be achieved with a system that imposes less regulation.

Views and evidence from stakeholders will be crucial in helping the Government see the extent to which the Regulations have achieved their objectives and if there have been any unintended effects of the Regulations. All this will help the Secretary of State to decide if the Regulations should remain in effect.

This statutory review of the Regulations is narrow in scope, looks at only the 3 areas above in the context of what can be achieved within the Secretary of State's current available powers in the Small Business Enterprise and Employment Act 2015. It is not a public consultation on how the Regulations might be amended or changed were the Secretary of State to be granted additional powers. In terms of developments which may require additional powers, Government recently consulted, through the "Restoring trust in audit and corporate governance" White Paper on connected requirements for disclosures on payment practices being made within company annual reports and additional assurance of payment data. That consultation has closed, and analysis of responses is underway.

Review details

Issued: 17 November 2021

Respond by: 4 February 2022

Enquiries to:

Small Business Payments Team
Department for Business, Energy and Industrial Strategy
6th Floor
1 Victoria Street
London
SW1H 0ET

Email: responsiblepaymentculture@beis.gov.uk

Consultation reference: Statutory review of the Reporting on Payment Practices and Performance Regulations 2017: call for evidence

Audiences:

We are seeking views from all those with an interest in The Reporting on Payment Practices and Performance Regulations and their effectiveness. This includes, but is not restricted to, large companies who are required to report their payment data under the Regulations, as well as suppliers (including those that are large, medium, small and micro businesses)] who deal with these reporting businesses.

Territorial extent:

The Reporting on Payment Practices and Performance Regulations 2017 and the Limited Liability Partnerships (Reporting on Payment Practices and Performance) Regulations 2017 apply to England, Scotland, Wales and Northern Ireland.

How to respond

Respond online at: beisgovuk.citizenspace.com/business-growth/reporting-payment-practices-regs-statutory-review

or

Email to: responsiblepaymentculture@beis.gov.uk

When responding, please state whether you are responding as an individual or representing the views of an organisation.

Your response will be most useful if it is framed in direct response to the questions posed, though further comments and evidence are also welcome.

Confidentiality and data protection

Information you provide in response to this document, including personal information, may be disclosed in accordance with UK legislation (the Freedom of Information Act 2000, the Data Protection Act 2018 and the Environmental Information Regulations 2004).

If you want the information that you provide to be treated as confidential please tell us, but be aware that we cannot guarantee confidentiality in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not be regarded by us as a confidentiality request.

We will process your personal data in accordance with all applicable UK data protection laws. See our [privacy policy](#).

We will summarise all responses and publish this summary on [GOV.UK](https://www.gov.uk). The summary will include a list of names or organisations that responded, but not people's personal names, addresses or other contact details.

Quality assurance

This invitation to the public and stakeholders to provide comments and evidence has been carried out in accordance with the government's [consultation principles](#).

If you have any complaints about the way this exercise has been conducted, please email: beis.bru@beis.gov.uk.

Background

The Reporting on Payment Practices and Performance Regulations

Businesses which need to report

- The reporting requirement applies to companies and LLPs (regardless of whether they are private, public or quoted) which exceed certain size criteria, as outlined below. The companies and LLPs in scope of the requirement are referred to in the Regulations as “qualifying companies” and “qualifying LLPs”.

Size criteria for the reporting requirement

- Businesses are in scope of the requirement for a financial year if, on their last two balance sheet dates (or, if only in their second financial year, on their last balance sheet date before that financial year), they exceeded two or all of the thresholds for qualifying as a medium-sized company under the Companies Act 2006 (section 465(3); in the case of LLPs, as applied and modified by regulation 26 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008). The thresholds relate to turnover, balance sheet total and average number of employees.
- At the time of publication, these general thresholds are:
 - £36 million annual turnover
 - £18 million balance sheet total
 - 250 employees
- A parent company or parent LLP is only required to report if on its last two balance sheet dates (or, if only in their second financial year, on their last balance sheet date before that financial year) that business: (i) exceeds two or all three of the general thresholds; and (ii) the group it heads exceeds two or all three of the group thresholds for qualifying as a medium-sized group in (section 466(4) of the Companies Act 2006; in the case of LLPs, as applied and modified by regulation 55 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008).

Reporting obligations

- Businesses in scope of the reporting requirement must prepare and publish information about their payment practices and performance in relation to qualifying contracts, for each reporting period in the financial year. The information for each reporting period must reflect the policies and practices which have applied during that period, and the business' performance for that period.

- The report must be published on the web-based service provided by Government within 30 days beginning with the day after the last day of the reporting period to which a report relates.
- The report must contain the information required by the Regulations and must be approved by a director of the company where the reporting business is a company, or a designated member where the reporting business is an LLP, before it is published. [The name of that director or designated member should be included in the report.]

Information required in relation to qualifying contracts

- Statistics on:
 - the average number of days taken to make payments in the reporting period, measured from the day after the date of receipt of invoice or other notice to the date the cash is received in full by the supplier
 - the percentage of payments made within the reporting period which were paid in 30 days or fewer, between 31 and 60 days, and in 61 days or longer (note: for the purposes of counting time here, day 1 is the day after the date on which the invoice or other notice is received by the qualifying business)
 - the percentage of payments due within the reporting period which were not paid within the agreed payment period (the period in which a company is contractually required to pay a sum)
- Narrative descriptions of:
 - the business' standard payment terms in qualifying contracts, which must include:
 - the standard contractual length of time for payment of invoices
 - any changes to the standard payment terms in the reporting period
 - how suppliers have been notified or consulted on these changes
 - a description of the maximum payment period specified in a qualifying contract which the qualifying company has entered into during the reporting period
 - the business' process for resolving disputes related to payment under a qualifying contract
- Tick box statements about:
 - whether suppliers are offered e-invoicing
 - whether supply chain finance is available to suppliers
 - whether the business' practices and policies cover deducting sums from payments as a charge for remaining on a supplier's list, and whether they have done this in the reporting period
 - whether the business is a member of a payment code, and the name of the code

The sanctions if a business does not comply

- It is a criminal offence by the business, and every director of the company or designated member of an LLP, if the business fails to publish a report containing the necessary information within the specified filing period of 30 days.
- Anyone who knowingly or recklessly publishes or causes to be published for the purposes of the Regulations a report, or any information or makes, for any such purpose, a statement which is misleading, false or deceptive in a material particular commits a criminal offence if they knew, or were reckless, about it being false or misleading at the time it was made. This applies to businesses and individuals.
- It is a defence for a director or designated member to prove that they took all reasonable steps to ensure that the business submitted a report before the end of the filing period.
- These offences are punishable on summary conviction by a fine.

Review questions

Objective 1. The Regulations aim to bring greater transparency on payment practices and performance.

Question 1. To what extent do you agree that the Regulations have brought greater transparency on payment practices and performance?

Strongly agree / agree / neither agree nor disagree / disagree / strongly disagree / don't know

Please explain your answer / provide evidence

Objective 2. The Regulations aim to help overcome the asymmetry of information regarding payment practices and performance between large businesses and their suppliers.

Question 2. To what extent do you agree that the Regulations have helped overcome the asymmetry of information regarding payment practices and performance between large businesses and their suppliers?

Strongly agree / agree / neither agree nor disagree / disagree / strongly disagree / don't know

Please explain your answer / provide evidence

Objective 3. The Regulations aim to help businesses better understand what to expect from their customers, and therefore be in a better position to:

- a) **make an informed judgment on whether to enter into a commercial relationship**
- b) **negotiate fair terms**
- c) **have information making it easier to challenge late payment**

Question 3. To what extent do you agree that the Regulations have helped businesses better understand what to expect from their customers?

Strongly agree / agree / neither agree nor disagree / disagree / strongly disagree / don't know

Please explain your answer / provide evidence

Objective 4. The Regulations aim to provide incentives on businesses to improve payment practices.

Question 4. To what extent do you agree that the Regulations have provided incentives on businesses to improve payment practices?

Strongly agree / agree / neither agree nor disagree / disagree / strongly disagree / don't know

Please explain your answer / provide evidence

Objective 5. The Regulations aim to make it easier for business representative bodies, suppliers, and other businesses to identify late paying businesses and put commercial and reputational pressure on these businesses to pay promptly.

Question 5. To what extent do you agree that the Regulations have made it easier for business representative bodies, suppliers, and other businesses to identify late paying businesses and put commercial and reputational pressure on these businesses to pay promptly?

Strongly agree / agree / neither agree nor disagree / disagree / strongly disagree / don't know

Please explain your answer / provide evidence

Question 6. Do you think there have been any unintended effects of the Regulations?

Yes/ no / don't know

Please explain your answer / provide evidence

Question 7. Do you think the Regulations should remain in effect?

Yes/ no / don't know

Please explain your answer

Next steps

Comments made in response to this review will be considered by the Small Business Payments Team in BEIS and will inform the final report by the Secretary of State. We may contact you if, for example, we have a query in respect of your response. A final report covering the conclusions of the review of the Regulations will be laid before Parliament and published on the GOV.UK website.

The Government intends to publish a single report covering all the statutory review requirements. As required by the Regulations, the report will:

- (a) set out the objectives intended to be achieved by the regulatory provisions established by the Regulations,
- (b) assess the extent to which those objectives are achieved, and
- (c) assess whether those objectives remain appropriate and, if so, the extent to which they could be achieved with a system that imposes less regulation.

As set out in the Regulations, the report will be published before 6 April 2022.

This consultation is available from: www.gov.uk/government/consultations/statutory-review-of-the-reporting-on-payment-practices-and-performance-regulations-2017-call-for-evidence

If you need a version of this document in a more accessible format, please email enquiries@beis.gov.uk. Please tell us what format you need. It will help us if you say what assistive technology you use.