

Press release: Late payment reporting guidance launched for large businesses

- guidance published ahead of measures coming into force in April 2017 to boost transparency of payment practices to help small and medium sized businesses (SMEs)
- regulations laid in parliament today will make large businesses publish details on the time taken to pay their suppliers to shine a light on bad practice
- latest figures show SMEs are owed £26.3 billion in overdue payments

Guidance to help large businesses report on how quickly they pay their suppliers will be published today (31 January 2017), as regulations are laid in parliament by Small Business Minister Margot James.

The regulations confirm that from April 2017, large companies and limited liability partnerships (LLPs) will have to publically report twice a year on their payment practices and performance, including the average time taken to pay supplier invoices.

Failure to report will be a criminal offence and the guidance published today will help large businesses and limited liability partnerships prepare for these measures coming into force.

Small Business Minister Margot James said:

The UK is home to a record 5.5 million small businesses and the industrial strategy will help address many of the challenges they face getting finance and scaling up. It's completely unacceptable that small and medium-sized businesses are owed £26.3 billion in late payments, which hampers their ability to grow and has no place in an economy that works for all.

Large businesses have an important role to play and the guidance published today will help them fulfil their responsibilities and improve payment practices across the board.

The changes are part of a package to shine a spotlight on bad payment practice and lead to improved standards. This includes the appointment of the Small Business Commissioner to support small businesses in resolving payment disputes, with the Commissioner's office expected to be up and running later in the year.

Recent findings from the payment processor Bacs report that nearly half of the UK's small-to-medium sized businesses experience late payment, with £26.3 billion owed to them in total. The regulations laid in Parliament today aim to tackle this by increasing transparency and helping small businesses make informed decisions about who they do business with.

The [modern industrial strategy green paper](#) sets out a plan to improve living standards and economic growth by increasing productivity and driving growth across the whole country. We encourage businesses of all sizes and anyone with an interest to respond.

Mike Cherry, National Chairman at the Federation of Small Businesses, said:

The new duty to report is the centrepiece of the government's transparency agenda to combat poor payment practice. We welcome this as an important tool to change a UK business culture where it is deemed acceptable to pay small firms late. We estimate that if payments were made promptly, 50,000 business deaths could be avoided every year, adding £2.5 billion to the UK economy. It's now crucial that these regulations are introduced and robustly enforced with proper sanctions put in place for any large business that tries to hide its payment practices.

There is now a clear will to tackle poor payments. Together with the new Small Business Commissioner and the developing corporate governance agenda to improve supply chain respect at board level, we must see a reduction in the £26 billion owed in late payments.

Jacqueline de Rojas, Managing Director of UK, Ireland and Northern Europe at Sage, said:

Our small business customers across the country tell us that late payment is still one of their biggest barriers to competing with larger suppliers. We know it impacts their ability to invest and innovate. And when you consider that people building these businesses create two-thirds of all new jobs, it's easy to see what a detrimental effect this could have on the financial health of the nation.

Through partnerships, advice and digital tools, we work hard to help small businesses manage cash flow challenges, and this new light-touch regulation is good news for them. This is a welcome move in the right direction to creating a stronger, fairer economy and making the UK the best place to start and run a business.