

Government tells public sector it must pay suppliers on time

- Government suppliers must pay 95 per cent of their invoices within 60 days or face losing future contracts
- Minister says public sector must lead by example by paying their suppliers within 30 days
- More than £2.5m in late payments from public sector unblocked over the past year

Public sector organisations such as schools, hospitals and government departments have been reminded of the need to pay their suppliers on time and set an example for the private sector.

The government is currently warning its suppliers that they must pay 95 per cent of their invoices within 60 days, or run the risk of being prevented from securing future government contracts.

To lead by example, the government has said all public sector organisations must pay their suppliers within 30 days.

The Minister for Implementation, Oliver Dowden, said:

We are being very clear with government suppliers that they must pay their supply chain on time or face losing future government contracts.

So it's only right that we say to the public sector that they must lead by example and make sure their suppliers are paid on time.

The government's Public Procurement Review Service (PPRS) allows suppliers to raise any concerns they have about public sector buying and prompt payment.

Statistics published in the latest PPRS Progress Report show that between April 2018 and April 2019, the team unblocked more than £2.5m in late payments.

The majority of complaints received from suppliers regarding late payment focused on the wider public sector, with 61 coming from this area compared to eight from central government.

To help tackle the issue, the PPRS is working with the public sector to improve its payment rates and is carrying out spot checks to make sure payments are made on time.

The government's Crown Representative for small businesses, Martin Traynor, said:

Making sure companies in the government supply chain are paid on time is very important – particularly for small businesses.

The difference between waiting 60 days and having to wait 90 days can be make-or-break for many small companies, so it's vital that both the private and public sector work better in this area.