

News story: Prompt payment makes for good business

One of the benefits of securing work with government is its record of paying suppliers on time. Over 80% of undisputed invoices to SMEs are paid within 5 days, with the remainder paid within 30 days. These terms make for loyal and happy suppliers, and small businesses would like to see more of the same.

This is why it's good [news](#) that Crown Commercial Service has been hard at work in passing down prompt payment terms to tier one suppliers. They have focused on 32 strategic suppliers to central government ie large companies that secure the greatest amount of contracts. This week marks a milestone in that all 32 strategic suppliers have now signed up to the Prompt Payment Code which is an acceptance that they will follow government's lead in paying their small business suppliers within 30 days. This is welcome news to thousands of small business owners.

Government is not stopping at the largest of companies; it's encouraging companies of all sizes to sign up to the Prompt Payment Code, including small ones. Doing so is a way of saying you'll treat suppliers as you'd like to be treated yourself ie getting paid on time!

Recognising that prompt payment continues to be a big issue for small business, the government has also announced the appointment of a Small Business Commissioner also recently(<https://publicappointments.cabinetoffice.gov.uk/appointment/small-business-commissioner/>), whose sole focus will be dealing with issues and complaints around late payment. The chosen candidate will have a 4 year tenure which will hopefully be sufficient time to bed-in a culture of prompt payment across the UK corporate scene.

As small business owners, we've all been there when it comes to having to chase clients for overdue bills. It puts a strain on client relations and, more critically, puts the business at risk.

These moves to encourage large government suppliers to sign up to the Prompt Payment Code and the appointment of a Commissioner are steps in the right direction of ensuring the survival rate of the smallest firms in Britain.