



Procurement Policy Note – Prompt Payment Policy and Reporting of Performance

Action Note 05/15 27 March 2015

Issue

1. This PPN restates the policy on prompt payment for central government (PPN 08/10) and sets out new reporting requirements on prompt payment announced in the Budget 2015.
2. Government is committed to creating a supportive environment in which ambitious businesses can flourish. Late payment is a key issue for business, especially smaller businesses as it can adversely affect their cash flow and jeopardises their ability to trade. The Government recognises that the public sector should set a strong example by paying promptly.

Dissemination and Scope

3. The contents of this Action Note apply to all Central Government Departments including their Executive Agencies and Non Departmental Public Bodies (in-scope organisations). Please circulate this document within your organisation, drawing it to the attention of those with a payment role.

Timing

4. The provisions of this Action Note will take effect from 1 April 2015.

Action

5. The Government announced the following reporting requirements in the Budget 2015:
 - From April 2015, all in-scope organisations will publish the percentage of their invoices paid within i) 5 days and ii) 30-days, on a quarterly basis.
 - From April 2016, all in-scope organisations will publish all interest liable, under the late payment legislation, on a quarterly basis.



6. As with existing reporting requirements, in-scope organisations should report their performance on their own pages on GOV.UK using this template.

Financial year 2015/2016	Percentage of invoices paid within 5 days.	Percentage of invoices paid within 30 days.	Total amount of liability to pay [From April 2016]
1 st quarter	80%	20%	

Background

7. Central government policy on prompt payment remains unchanged: In Scope Organisations pay 80% of all undisputed invoices within five days, with the remaining undisputed invoices being paid within 30 days or interest becomes liable as set out in the late payment¹ legislation.
8. The Public Contract Regulations 2015 require all public sector organisations to pay undisputed invoices in 30 days and ensure this payment term is passed down the supply chain. Further guidance is available [here](#).
9. The Mystery Shopper service will assist in ensuring the contracting authorities comply with these new measures and will “name and shame” poor payers through the fortnightly publication of Mystery Shopper cases on GOV.UK. The service will also proactively ensure that 30-day payment terms are being passed down the supply chain by carrying out spot checks on contracting authorities.

Contact

10. Enquiries about this PPN should be addressed to the Service Desk 0345 410 2222 or info@ccs.gsi.gov.uk.

¹ This refers to the Late Payments of Commercial Debts (Interest) Act 1998, the Late Payment of Commercial Debts Regulations 2002 and the Late Payment of Commercial Debts Regulations 2013. See BIS guidance at: <https://www.gov.uk/government/publications/late-payment-directive-user-guide-to-the-recast-directive>