



Department
for International
Development



**Procurement &
Commercial Department**

TO: DFID Supply Partners

March 2019

Dear Supply Partner,

I am writing to you today with regard to measures the Government launched in November 2018 to support prompt payment across UK PLC. As one of our key suppliers, I want to ensure you are aware of the measure and understand how this will impact your business when bidding for future Government work. Depending on your company's position, you may need to take action.

On 29 November 2018, Oliver Dowden, Minister for Implementation for the Cabinet Office, announced a new policy which will require bidders (during the selection process) to answer a series of questions about their supply chain management and tracking systems, which will include providing details about payment practices, processes and performance including the percentage of invoices paid within 60 days across both their private and public sector business. Suppliers who are unable to demonstrate that they have systems in place that are effective and ensure a fair and responsible approach to payment of their supply chain may be excluded from bidding.

This policy will be implemented from September 2019 in Government contracts above £5m per annum. As part of the assessment we will be looking back at your payment performance for the previous two 6 month reporting periods. Your business's current performance will therefore be considered – and may impact your ability to win business.

You will be aware that you are already required to publish your payment performance in accordance with the Reporting on Payment Practices and Performance Regulations (2017). These reports will be used to verify any response you provide as part of the selection process next Autumn. As one of our key suppliers, it is vital that you pay your subcontractors on time to ensure that the benefits of prompt payment flow through supply chains. Your payment data will reflect how you are performing against this.

Any business you win under the Public Contracting Regulations (2015) will require payment terms of 30 days to be passed down the supply chain.

I am therefore writing to urge you to:-

- review your published data via BEIS - <https://check-payment-practices.service.gov.uk/>
- ensure that you are meeting the required standards (95% in 60 days)
- take any steps to improve your performance if required.

If you have any concerns or questions surrounding this letter, please contact supplierengagement@dfid.gov.uk

Yours Sincerely

Nick Ford
Head of Procurement and Commercial Department

Annex – Links to documentation

Outcome of consultation <https://www.gov.uk/government/consultations/prompt-payment-by-government-suppliers>

Press Release

<https://www.gov.uk/government/news/crack-down-on-suppliers-who-dont-pay-on-time>

Procurement Policy Note including Selection questions / guidance

<https://www.gov.uk/government/publications/procurement-policy-note-0418-taking-account-of-a-suppliers-approach-to-payment-in-the-procurement-of-major-contracts>

BEIS guidance to large suppliers on ‘Duty to report’ payment practices

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/649941/payment-practices-performance-reporting-requirements-oct-2017.pdf