

Challenging grossly unfair payment practices

Department for Business, Innovation and Skills

RPC rating: confirmed as a non-qualifying regulatory provision

Description of proposal

The proposal will bring domestic legislation in line with EU requirements in relation to combating late payment in commercial transactions. Existing domestic legislation does not sufficiently transpose powers for representative bodies to challenge unfair payment practices in court on behalf of their members. The proposal will give representative bodies additional powers to challenge contract terms.

Impacts of proposal

Representative bodies will be able to choose whether or not to act on behalf of members who approach them for assistance. Any subsequent action will be entered into voluntarily by the representative body, and any associated costs are not considered to be a direct result of the proposal. The 3,500 trade bodies (based on estimates provided by the Trade Association Forum) will, however, need to familiarise themselves with the proposal. Based on estimates provided by trade bodies, the Department expects familiarisation to require the input of a senior manager and legal advisors, with the amount of legal advice being dependent on the size of the trade body. On this basis, the Department expects familiarisation to cost, on average, £229 for each representative body. This would result in a total one-off cost of around £0.8 million in the first year.

Quality of submission

The Department has provided sufficient information to support the assessment of the proposal as not going beyond the minimum EU requirements. The Department has also provided sufficient information on the expected scale of the impacts to support its assessment that the gross costs are not expected to be over £1 million in any year.

Departmental assessment

Classification	Non-qualifying regulatory provision (EU)
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Equivalent annual net cost to business (EANCB)	N/A (fast track non-qualifying regulatory provision)
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RPC assessment

Classification	Non-qualifying regulatory provision (EU)
Small and micro business assessment	Not required (fast track low-cost regulation)



Michael Gibbons CBE, Chairman