



Groceries Code
Adjudicator

News from the Adjudicator

Edition 12

Welcome from the Groceries Code Adjudicator



My fourth annual conference has just taken place and it marked a milestone in the history of the Groceries Code Adjudicator – the end of my first term in office.

The Conference coincided with my reappointment as the GCA and I was pleased to confirm that I have committed to continue for another year while the GCA's remit is still being considered by the Government. This allows both me and BEIS ministers to consider whether I am the right person for the role if the recent call for evidence on remit extension leads to significant change to the GCA.

A highlight of the Conference is always YouGov's presentation on the results of the groceries sector survey. I'm very grateful to those of you who took the time to answer the questions. This year saw an excellent level of response especially from direct suppliers who totalled 1220 – an increase of 320% on the numbers who took part in 2014. With such a good response I am able to drill down more deeply into the issues and how they impact on different sectors and target my activities accordingly.

There were some good results including a fall for the fourth year running in suppliers having experienced one or more Code-related issues over the past 12 months. The proportion now stands at 56%, down from 62% in 2016 and from the high of 79% in 2014. You can read the YouGov presentation and my Annual Report and Accounts as well as Conference presentations [here](#).

This overall fall is welcome but when I looked back over supplier experience of issues that I have identified among my Top 5 and where I have used collaborative or more formal regulatory action to drive change the evidence is more dramatic.

For example back in 2014 almost half (45%) of suppliers reported experiencing forensic auditing as an issue but only 12% said the same in 2017. In 2014 I secured a change in behaviour through a voluntary commitment from eight out of the ten regulated retailers to limit forensic audit activity to the current year plus two.

The second biggest issue in 2014 was unjustified charges for consumer complaints with 37% of suppliers reporting it. A year later I published a best practice statement and monitored progress. In 2017 only 12% of suppliers have reported it as an issue.

I am also pleased with the progress made in relation to charges for packaging. This was a real irritant for suppliers for many years: a supplier in the fresh produce industry recently told me the issue had gone away within 18 months of me focusing on the problem. In this year's survey packaging was reported as an issue by just 11% of suppliers.

These four-year improvements are a sign that the collaborative approach that I have promoted has been a real engine of change and is achieving positive results across all retailers. I am delighted that suppliers are seeing the benefits of this change.

However, I am not complacent and there are still important areas where I want to see more progress. Delay in payments continues to be the issue of highest concern to suppliers and I am keeping the issue in my current category of Top 5 issues. More on these below.

These Top 5 issues will be the major focus of my work for the year ahead but I have also set myself a series of personal priorities. I will maintain my attendance at supplier events and seek 1-to-1 meetings with suppliers wherever possible. As well as GCA-organised sessions I encourage trade associations and sector groups to invite me to speak at their events.

I cannot stress how important it is that suppliers - large and small - need to be trained in the Code. To help increase awareness I will use all tools at my disposal, including maintaining the [directory of training organisations](#) on my website. And I am determined to remain the engine for change, intensifying the collaborative approach when and wherever necessary. But I am always ready to use my investigative powers if it is merited.

Christine Tacon

Christine Tacon

Top 5 issues

At the Annual Conference the Adjudicator unveiled her new Top 5, with delay in payments, forecasting and promotions in the current category and pay to stay and payments for better positioning in the monitored category.



Delay in payments remains current because it was the number one concern highlighted by suppliers in the 2017 survey and information received by the GCA suggests that not all retailers have good enough systems and processes in place to ensure they are Code compliant. The GCA will be working with the retailers on this issue in the coming months.

Drop and drive, which can lead to delay in payments, is also firmly in the GCA sights because some retailers' progress in responding to supplier concerns in this area has been too slow. During the past year the GCA escalated her approach in this area.

The GCA has written to all retailers on this issue, in particular to ensure that those retailers about which the GCA is most concerned are aware that they need to do more to minimise the risk of Code breaches. If the responses to those letters are not satisfactory then the GCA will be ready to pursue further regulatory action.

However, the GCA is also encouraging suppliers to respond positively and engage with those retailers who have introduced solutions such as fully traceable systems, new receipting processes and "Good Faith Receiving". Those who are participating are giving positive feedback with reports that the supply chain is simpler and more effective as a result; that they are getting paid more per delivery than before; and that there are no surprises on invoices any more.

Forecasting has been moved back from monitored to the current category because it is the 2nd highest issue reported in the survey and has been raised in supplier feedback from Code training courses. The GCA also recently held supplier workshops in London and Manchester on this issue.

Connected to forecasting is the new issue – **promotions**. In the GCA's discussions with suppliers many have reported that retailer forecasting in relation to promotions is poor. This leads to retailers overbuying at promotional price and then selling groceries at non-discounted rates without providing compensation to suppliers or creating the effect of suppliers predominantly funding the cost of a promotion. The GCA will be gathering more information from suppliers on this issue.

The new categories also include the move of **margin maintenance** from current to previous. The GCA decided on this move after listening to supplier feedback and reviewing the 2017 survey where just 10% said they had experienced requests for margin maintenance. In 2016, the GCA had made clear in the report of the investigation into Tesco plc that any requests for margin payments had to be unambiguously supported by the relevant supply agreement. Although margin maintenance is now in the previous category, if the GCA finds the practice occurring in future it may indicate that the collaborative approach has been effectively exhausted, which would make further regulatory action likely.

Meet the CCO

Chris Young, CCO for Aldi Stores Limited has answered News from the Adjudicator's questions about his role at the retailer. Read [here](#) about how he will be supporting the collaborative approach with Aldi's suppliers over the next 12 months.

Contact details: email CCO@aldi.co.uk

Inviting the GCA to supplier events

The Adjudicator Christine Tacon is keen to attend as many supplier events as her diary allows. If your organisation is planning an event and would like to invite her to explain her work and priorities please contact enquiries@gca.gsi.gov.uk. Please note that she will ask for the ability to hold private meetings, typically 10 minutes each, with suppliers who want to speak to her. It would be helpful if you could provide full details of the event including timing and location as well as the audience involved.