

**TITLE: PROMPT PAYMENT IN YOUR SUPPLY CHAINS**

12 November 2021

Dear Suppliers

I am writing to you today with regards to the measures the government is taking to promote prompt payment across the UK, and changes that may affect your company.

The government is committed to promoting prompt payment and supporting cash flow throughout our economy. Strong cash flow will help generate jobs, protect suppliers, and ensure we can build back better from the pandemic. As a supplier to FCDO please ensure that you are supporting your supply chains by paying them as quickly as possible.

As a reminder, the Public Contracts Regulations (2015) already require 30 day payment terms to be passed down the supply chain on those contracts that relate to public sector work. I know many of our suppliers have continued to make improvements in their payment performance over the past year, so please keep up the good work.

From 01 April 2022, suppliers bidding for central government contracts worth more than £5m per annum, will need to demonstrate that they pay at least 90% of their invoices to suppliers within 60 days in one of their previous two published payment reports, or risk being excluded from the procurement. This is an increase from the existing ‘pass’ mark of 85% in 60 days and applies to all a company's external invoices, irrespective of whether they relate to government work.

**Please review your performance to make sure you are up to standard and take immediate action if required.**

If you are yet to sign up to the Prompt Payment Code (a voluntary code of practice for businesses) I encourage you to get in touch with the Office of the Small Business Commissioner to take this forward (contact details in the Annex).

The Government remains committed to paying suppliers promptly ourselves. If you are experiencing any difficulties in getting paid please get in touch.

If you have any policy related questions or concerns regarding this letter, please e-mail [*FCDO-CommercialPolicy@fcdo.gov.uk*](mailto:FCDO-CommercialPolicy@fcdo.gov.uk)*.* For specific supplier related questions please contact your Strategic Relationship Manager.

Yours Sincerely,

**Paul Kellett, Chief Commercial Officer**

**Annex - Links to Documentation**

**Prompt Payment Code** - <https://sbcppcportal.icasework.com/resource?id=29992&db=sbcppc>

The Prompt Payment Code (PPC) is a voluntary code of practice for businesses, administered by the Office of the Small Business Commissioner (SBC) on behalf of BEIS. It was established in December 2008 and sets standards for payment practices between organisations of any size and their suppliers.

Small Business Commissioner - https://www.smallbusinesscommissioner.gov.uk/ppc/

Contact details: ppc@smallbusinesscommissioner.gov.uk

**Prompt Payment Measure** - <https://www.gov.uk/government/publications/procurement-policy-note-0821>

**Public Contract Regulations (2015) (113)** - <https://www.legislation.gov.uk/uksi/2015/102/regulation/113/made>

**Payment Transparency and Duty to Report** - <https://check-payment-practices.service.gov.uk/search>

**Public Procurement Review Service -** <https://www.gov.uk/government/publications/public-procurement-review-service-scope-and-remit>