



Institute of Credit Management

10 October 2012

Sandra Reid
Better Regulation and Industry Engagement
Scottish Government
6th Floor, 5 Atlantic Quay
150 Broomielaw
Glasgow
G2 8LU

Email betterregulationconsultation@scotland.gsi.gov.uk

Dear Ms Reid

**RESPONSE OF THE INSTITUTE OF CREDIT MANAGEMENT TO:
THE SCOTTISH GOVERNMENT – PROPOSALS FOR A BETTER REGULATION BILL**

The Institute of Credit Management is the largest professional credit management organisation in Europe. Its members hold important, credit-related appointments throughout industry and commerce, and we feel it appropriate to comment on this consultation.

The Institute wishes to comment only on the prompt payment section (paragraphs 36 – 48) and attach our responses to questions 17 – 21.

The issues of prompt payment, and late payment, are ones in which the Institute has significant expertise and experience. It has, in recent years collaborated extensively with the Department for Business Innovation and Skills in London and driven a number of initiatives. These include the Managing Cashflow Guides, of which there have now been over 350,000 downloads, and which are available widely on websites and at www.creditmanagement.org.uk/bisguides.htm, and the hosting and administering of the Prompt Payment Code - www.promptpaymentcode.org.uk/ - which now has almost 1,200 signatories.

We would welcome the opportunity to work with the Scottish Government in this area and would be delighted to share our understanding of the issues involved and benefits of the sharing of good practice and skills in cashflow and credit management.

If this would be helpful then please contact Philip King, our Chief Executive at ceo@icm.org.uk or telephone 01780 722912 and an exploratory conversation can be arranged.

Should you have any queries, please do not hesitate to contact me.

Yours faithfully

Glen Bullivant

Chair of Technical Committee

Website www.icm.org.uk

E-mail governance@icm.org.uk

Institute of Credit Management

The Water Mill, Station Road, South Luffenham, Oakham, Leicestershire LE15 8NB

ICM - Empowering the credit profession

A Registered Charity and Company Limited by Guarantee
Registered in England 351974. Registered Office as above.

ANNEX B – RESPONDENT’S INFORMATION FORM AND CONSULTATION QUESTIONNAIRE



CONSULTATION ON PROPOSALS FOR A BETTER REGULATION BILL: RESPONDENT INFORMATION FORM

Please Note this form **must** be returned with your response to ensure that we handle your response appropriately

1. Name/Organisation

Organisation Name

Institute of Credit Management

Title Mr Ms Mrs Miss Dr *Please tick as appropriate*

Surname

King

Forename

Philip

2. Postal Address

The Water Mill, Station Road, South Luffenham, Oakham, Leicestershire

Postcode LE15 8NB

Phone 01780 722912

Email ceo@icm.org.uk

3. Permissions - I am responding as...

Individual / Group/Organisation

Please tick as appropriate

(a) Do you agree to your response being made available to the public (in Scottish Government library and/or on the Scottish Government web site)?

Please tick as appropriate Yes No

(b) Where confidentiality is not requested, we will make your responses available to the public on the following basis

Please tick ONE of the following boxes

Yes, make my response, name and address all available

or

Yes, make my response available, but not my name and address

or

Yes, make my response and name available, but not my address

(c) The name and address of your organisation **will be** made available to the public (in the Scottish Government library and/or on the Scottish Government web site).

Are you content for your **response** to be made available?

Please tick as appropriate Yes No

(d) We will share your response internally with other Scottish Government policy teams who may be addressing the issues you discuss. They may wish to contact you again in the future, but we require your permission to do so. Are you content for Scottish Government to contact you again in relation to this consultation exercise?

Please tick as appropriate Yes

CONSULTATION QUESTIONS

Defining and implementing national standards

Question 1 - What in your view is the case for and against the proposed enabling power? Please provide evidence to support your answer

Comments

Question 2 - Should national standards be mandatory in future?

Yes No

Comments

Question 3 - Should local authority or other regulators have the capacity to seek approval to opt-out from national standards on grounds of exceptional local circumstances?

Yes No

Comments

Question 4 - What criteria should be used to assess any request to opt-out from national standards?

Comments

Question 5 - Do you, on balance, favour opt-out decisions being the responsibility of

- a) Ministers
- b) Ministers, based on advice from the Regulatory Review Group
- c) the Regulatory Review Group

Question 6 - Are there any specific regulations which should be candidates for new national standards in the future? If so, please explain why

Comments

Question 7 - Which of the following options do you favour?

- a) the status quo
- b) mandatory national standards and systems for new regulations
- c) a flexible approach which includes the capacity to impose national standards and systems, where justified.

Question 8 - Do you think this could be supported in non-legislative ways? If so, please explain how

Yes No

Comments

Duty to promote economic and business growth in regulatory activity

Question 9 - What in your view is the case for and against introducing a new generic statutory duty on Scottish regulatory authorities to consider (and report on) the impact of their regulatory activity on business and/or promote regulatory principles? Please provide evidence to support your answer

Comments

Question 10 - Which of the following options do you favour?

- a) the status quo
b) the introduction of a generic statutory duty

Question 11 - Do you think this could be supported in non-legislative ways? If so, please explain how

Yes No

Comments

Reviews and sunseting

Question 12 - What in your view is the case for and against introducing a sunseting policy in Scotland? Please provide evidence to support your answer

Comments

Question 13 - If introduced, should a sunseting policy be mandatory?

Yes No

Question 14 - If non-mandatory, should there be exceptions and what should the rationale for these be?

Yes No

Comments

Question 15 - If introduced, should the regulations in scope, and the nature and timeframes for review activity be equivalent to the UK approach? If not, please explain how they should differ and why?

Yes No

Comments

Question 16 - Which of the following options do you favour?

- a) the status quo
- b) adopting the UK Government approach without any changes
- c) adopting a modified policy

Prompt payment

Question 17 - What are the merits (or otherwise) of introducing a new national standard requiring all public sector bodies in Scotland (including local authorities and NHS Boards) to pay suppliers' invoices in less than 30 days? We would also welcome views on what that lower period should be and the scope to replicate the 10-day norm already achieved by the Scottish Government.

A new national standard would provide more certainty of payment to suppliers, and the resulting improved payment performance would enhance their cashflow. We would encourage Scottish Government to follow the lead of Government in England and Wales on this area.

Question 18 - Would additional legislative or non-legislative steps lead to a change in business culture and a bias towards prompt payment? If so, what might these involve?

Yes No

Given the Scottish Governments involvement in the recent consultation relating to the EU Directive on Late Payment which requires transposition by March 2013, this question seems to be duplicating that activity. Nevertheless, our response is that legislation has a part in changing business culture but it is only one aspect, initiatives like the Prompt Payment Code and other targeted efforts at raising awareness of, and educating in, the importance of cashflow and credit management also play their part.

Question 19 - Would these additional legislative or non-legislative steps have a beneficial impact on the relative competitiveness of businesses in Scotland?

Yes No

Comments

Question 20 - How could any new arrangements be fully enforced?

Changing the culture is likely to be more effective than attempted enforcement which is always going to be difficult. Furthermore, any attempt to introduce maximum payment periods for Business to Business transactions fails to recognise that credit terms are an integral part of the overall commercial transaction. Being prescriptive about the terms that can be offered removes what can often be an effective area for negotiation. The issue for suppliers is more about uncertainty than it is about length of payment terms.

Question 21 - Which of the following options do you favour?

- a) the status quo
- b) a practical and legitimate mechanism to promote prompt payment
eg mandatory application of interest and/or maximum payment periods
- c) actions to change business culture
- d) actions to change corporate governance and reporting of payment performance

Common commencement dates

Question 22 - Should common commencement dates be introduced for Scottish regulations impacting on business. Please provide evidence to support your answer

Yes No

Comments

Question 23 - Which of the following options do you favour?

- a) the status quo
- b) the introduction of common commencement dates

Mobile food businesses, and a transferrable certificate of compliance

Question 24 - Which of the following options do you favour?

- a) the status quo
- b) the development of national standards and a change in legislation requiring moveable food businesses to be inspected only by the local authority in which the

business is registered/based, and other local authorities to accept certificates of compliance issued by other local authorities

Comments

Linking planning application fees to the performance of the Planning Authority

Question 25 - What in your view is the most effective mechanism for introducing the proposed link between planning application fees and performance? Please provide evidence to support your answer.

Comments

Extending Statutory Review Mechanisms to Challenges Against Scottish Ministers' Decisions in Infrastructure Projects

Question 26 - Do you agree that it is appropriate to expand the types of decisions subject to statutory review (instead of judicial review)?

Yes No

Question 27 - If Yes, for what types of decisions would it be appropriate to introduce a statutory review mechanism?

Comments

Question 28 - If No, for what types of decisions would it not be appropriate to introduce a statutory review mechanism.

Comments

Question 29 - Do you agree that a statutory review mechanism for people or bodies with a sufficient interest to challenge the legality of Scottish Ministers' decisions in the Court of Session should replace the current arrangements for applicants wishing to challenge in respect of granting a marine licence?

Yes No

Comments

Question 30 - Do you agree that the procedure for review should be made the same across all relevant legislation?

Yes No

Comments

Other issues

Question 31 - What impacts – positive, negative, financial or other - do you think a Better Regulation Bill will have?

Comments

Question 32 - What further suggestions do you have to improve the regulatory landscape?

Comments

Question 33 - Are there any specific regulations causing burdens on business or which have unintended consequences. Please provide details of the regulation, the impact and your proposed solution to address this.

Comments

Partial Business and Regulatory Impact Assessment

Question 34 - Does the partial BRIA reflect the sectors and groups affected, and costs and benefits of the proposals? If not, please explain why and provide further information

Yes No

Comments