



Our ref. GB/PJK/NH

5 June 2018

Crown Commercial Service  
Rosebery Court  
St. Andrew's Business Park  
Norwich  
NR7 0HS

Email: [paymentconsultation@crowncommercial.gov.uk](mailto:paymentconsultation@crowncommercial.gov.uk)

Dear Sir/Madam

## **RESPONSE OF THE CHARTERED INSTITUTE OF CREDIT MANAGEMENT TO: CROWN COMMERCIAL SERVICE- PROMPT PAYMENT BY GOVERNMENT SUPPLIERS**

The Chartered Institute of Credit Management ([CICM](http://www.cicm.com)) is the largest recognised professional body in the world for the credit management community. Formed over 75 years ago, the Institute was granted its Royal Charter in 2014. Representing all areas of the credit and collections lifecycle, it is the trusted leader and expert in its field providing its members with support, resources, advice, and career development as well as a networking and interactive community. In addition to its comprehensive suite of qualifications and learning opportunities, events and magazine 'Credit Management', the CICM administers the [Prompt Payment Code](#) for BEIS. Independently, and through collaboration with business organisations, it provides vital advice to businesses of all sizes on how best to manage cashflow and credit.

CICM members hold important, credit-related appointments throughout industry and commerce, and we feel it appropriate to comment on this consultation. Please find the answers to the five questions posed in the paper, below:

1) **What evidence do you consider contracting authorities would need to request from a bidder to assess the effectiveness of supply chain management payment practices?**

We believe that requiring a bidder to be a Prompt Payment Code signatory is the simplest and obvious way to verify their payment intentions, coupled with the Payment Practices Reporting data where applicable. This would also provide the opportunity for Crown Commercial Service and the Prompt Payment Code to collaborate in monitoring and reacting where practice is not matching words.

2) **What evidence do you consider contracting authorities would need to request from a bidder to demonstrate Grave Professional Misconduct in payment practice?**

Agreed benchmarks and mechanisms could be used as evidence from a bidder, along with a self declaration to prove adherence to them. Examples could include the Prompt Payment Code benchmarks being met, evidence on how historically unresolved payment issues are dealt with, and details of the amounts of compensation paid by an organisation in the past for poor payment performance issues.

Chartered Institute of Credit Management  
The Water Mill, Station Road, South Luffenham  
OAKHAM, LE15 8NB United Kingdom

T +44 (0)1780 722900 | F +44 (0)1780 721333 | E [info@cicm.com](mailto:info@cicm.com)

- 3) **Do you agree that failure to pay 95% of payments within 60 days over two consecutive six month periods is an appropriate benchmark of payment performance? Are there other benchmarks that should be considered?**

Yes, however factors such as the sectors in each supply chain, or numbers of sub-contractors involved in the chain, may determine if this is achievable.

- 4) **Do you agree that applying this measure to contracts valued above £5 million per year is an appropriate threshold? If not, what threshold should apply and why?**

Yes, we feel that this is an acceptable threshold.

- 5) **Would there be benefit in giving subcontractors greater access to the contracting authority (as described above) to make them aware of significant payment issues?**

We believe that greater transparency provided to subcontractors in the process would be beneficial. However, we feel that this may be quite complex to implement and factors such as the level of access is given, and to what information, needs to be considered. There may also be unintended consequences of giving greater access, for example one subcontractor may interpret 'significant payment issues' in a different way to another subcontractor, and so the terminology used, and the parameters set, needs to be clear and consistent.

It should also be noted that if the contracting authority is a signatory to the Prompt Payment Code, the subcontractor would be able to raise a challenge against them (anonymously if they wish). The subcontractor could also report instances of poor payment practice with public sector contracts via the Mystery Shopper service.

If we can help in any further way please do not hesitate to contact us.

Yours faithfully



**Glen Bullivant FCICM**  
**Chair of Technical Committee**

E : [governance@cicm.com](mailto:governance@cicm.com)

T : +44 (0)1780 722912

W : [www.cicm.com](http://www.cicm.com)

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