

# Review launched into late payments crippling small firms

The Business Secretary has launched a review into tackling late payments for small firms from larger, more powerful companies.

[Grant Shapps](#) said delayed payments are a “real barrier” to improved productivity and job creation as firms face a challenging economic backdrop.

The [Government](#) already has a Small Business Commissioner dedicated to addressing the issue of late payments.

Large firms such as GlaxoSmithKline have been criticised by the commissioner in recent years and demanded to improve their payment times.

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Last year, the commissioner's Prompt Payment Code saw rules tightened to require large firms to pay 95% of smaller suppliers within 30 days, down from 60 days previously.

However, it is not a legal requirement for firms to sign up to the code.

Over the past two years, the Government has led consultations into its late payment policies and the role of the commissioner.

On Small Business Saturday, the recently appointed business secretary launched the new statutory review of the commissioner's role, which he said will "help to ensure that the UK has the right arrangements in place to best support small businesses".

The Government said that small firms, which typically operate with low cash reserves, have over £23.4 billion currently owed in outstanding invoices in the UK.

It confirmed the review will consider progress made in specific sector in combatting late payment and also include an in-depth examination of current payment reporting restrictions and the Prompt Payment Code.

Mr Shapps said: "The UK's 5.5 million small businesses are an integral part not just of our economy, but of our communities too, and this Government is firmly on their side.

"That many small firms are routinely paid late is intolerable and presents a real barrier to productivity, the creation of high-skilled jobs and ultimately economic growth.

"This review will allow us to build on the success we have had so far in curbing late payment, unshackling small businesses from this exploitative practice and creating a system that is fit for the future.

“While we crack on with this work, I also want to remind big businesses of their duty to ensure their smaller suppliers are paid promptly.”