

Small businesses owed £23,000 in late payments amid soaring energy bills

Small businesses were owed almost £23,000 in late payments for a month, according to new data, adding to the sky-rocketing energy bills that are piling pressure on concerned business owners.

Late payments totalled £22,700 for the average small business, with at least one overdue invoice in May, representing a 6% year-on-year rise.

This amounts to 65% of their average monthly turnover, new data from accounting software Intuit QuickBooks showed.

Companies are expected to pay most invoices within 30 days to their small suppliers, according to the Prompt Payment Code set by a government body representing small businesses.

Many of our members say the eye-watering energy bills could be the final nail in the coffin as they struggle to get through winter

Read More

- [Vaping reaches record levels – report](#)
- [What the papers say – August 28](#)
- [Majority of voters do not trust Liz Truss or Rishi Sunak with improving the NHS](#)
- SPONSORED

[7 of the best beaches in Croatia](#)

However, many big firms fall short of these standards and independent businesses are left with overdue invoices or are not being paid the full amount they are owed.

This is leaving them with significantly less money at a time when the cost-of-living crisis is worsening and companies are being hit with much higher bills, the researchers warned.

Furthermore, almost two-thirds of invoices owed to small business were overdue in May, QuickBooks' data revealed.

It comes as a growing number of small businesses called on the [Government](#) to provide urgent support to prevent them buckling under the energy crisis.

The Federation of Small Businesses (FSB) said on Friday that many small firms could be forced to shut down if they cannot pay their bills.

Energy regulator [Ofgem](#) has set the household price cap to £3,549 to come into effect in October. However, there is no such ceiling for most businesses, which could see their energy costs go through the roof.

We are determined to see late payments reduced to ensure that small businesses are given the best chance of succeeding and growing, which is why we recently reformed our Prompt Payment Code to ensure best practice in payment culture

Martin McTague, national chair of the FSB, said: "Unlike large corporates, small firms cannot hedge costs and negotiate deals with their large energy suppliers.

"Many of our members say the eye-watering energy bills could be the final nail in the coffin as they struggle to get through winter.

"We don't have the luxury to wait until the winter and inaction from our new prime minister could spell the end for

many businesses.”

A quarter of small to medium enterprises said higher energy bills will be unsustainable within 12 months, [YouGov](#) said in a recent survey.

Despite the mounting pressures, more than two-thirds of small businesses said they are confident in their financial stability, QuickBooks added.

A Government spokesperson said: “We are determined to see late payments reduced to ensure that small businesses are given the best chance of succeeding and growing, which is why we recently reformed our Prompt Payment Code to ensure best practice in payment culture.

“No government can control the global factors pushing up the price of energy, but we will continue to support business throughout the UK in navigating the months ahead.

“We have already taken a number of steps to support firms, including slashing fuel duty, freezing alcohol duty rates on beer, cider, wine and spirits, and reducing employer national insurance by raising the Employment Allowance.”