

## **Prompt Payments to Supplier**

### **Summary of Public Contracts Regulation**

From 26th February 2015 Public Sector bodies are required to account for payments to suppliers within 30 days where invoices are valid and undisputed, and to publish their performance at the end of each financial year from April 2016.

Payment within 30 days also applies to authority contracted suppliers that have sub-contracted the provision of goods, works or services to tiers in a supply chain.

Within the Public Contracts Regulation 2015, Regulation 113 relates to payment terms in contracts that require public bodies to monitor and publish payment performance with prime contractors and in-turn their supply chains engaged in the provision of goods, works and services.

#### **Prompt payment requires:**

1. Where the Contractor submits an invoice to the Authority, the Authority will consider and verify that invoice in a timely fashion.
2. The Authority shall pay the Contractor any sums due under the invoice no later than 30 days from the date on which the Authority has determined that the invoice is valid and undisputed.
3. Where the Authority fails to comply with 1 and there is an undue delay in considering and verifying the invoice, the invoice shall be regarded as valid and undisputed for the purposes of paragraph (2) after a reasonable time has passed.
4. Where the Contractor enters into a Sub-Contract, the Contractor shall include in that Sub-Contract:
  - a. Provisions having the same effect as clauses 1-3 of this Agreement; and
  - b. A provision requiring the counterparty to that Sub-Contract to include in any Sub-Contract which it awards provisions having the same effect as clauses 1-4 of this Agreement.
  - c. of remoteness from the Authority in a subcontracting chain, made wholly or substantially for the purpose of performing (or contributing to the performance of) the whole or any part of this Agreement

#### **Payment Performance**

Under Regulation 113 of the Public Contracts Regulations 2015, every financial year, each contracting authority shall publish on the internet statistics showing, for the preceding financial year, how far the contracting authority has actually complied with its obligations under this regulation to make payments within 30 days, including:

- a) the proportion of invoices that were paid in accordance with those obligations, expressed as a percentage of the total number of invoices that were, or should have been, paid in accordance with those obligations;
- b) the total amount of any liability (whether statutory or otherwise) to pay interest which accrued by virtue of circumstances amounting to a breach of those obligations; and

- c) the total amount of interest actually paid in discharge of any such liability (including any which had accrued before the beginning of the period to which the statistics relate).

The performance for the Royal Borough of Kingston Upon Thames is as follows:

Financial Year	Percentage of invoices paid within 30 days	Interest (£'s) actually paid	Interest (£'s) * potentially liable to pay
2016/17	95.5%	£1,346.54	£121,519.53
2017/18	96.8%	£670.25	£47,354.32
2018/19	97.0%	£1,015.86	£71,879.35
2019/20	95.8%	£1,837.62	£44,923.86
2020/21	97.9%	£452.95	£5,908.33
2022/23	98.6%	£1,380.03	£55,525.75
2023/24	98.7%	£1,180.99	£61,231.16

\* **Please note:** for the purpose of this exercise we are unable to differentiate invoices that may have been in dispute or Supplier accounts have been in credit.