



NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

Nottinghamshire and City of Nottingham
Fire and Rescue Authority

PROMPT PAYMENT CODE

Report of the Chief Fire Officer

Agenda Item No:

Date: 18 December 2009

Purpose of Report:

To seek the official endorsement of Members to the Authority signing up to the Prompt Payment Code.

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1. BACKGROUND

- 1.1 As part of the Authority's commitment to best value it is obliged to meet a performance indicator for the payment of supplier invoices. This has been something of a struggle for a variety of reasons, but recently performance in this area has improved significantly.
- 1.2 Despite the obligation under best value, the Finance and Resources Committee have long expressed the view that they want to see the Authority performing well in this area because of the impact late payments has on suppliers' cash flows. This is particularly true for small and medium sized companies who are struggling to get credit in what are quite difficult times.
- 1.3 This report sets out an initiative which will enable the Authority to make a public statement concerning its commitment to prompt payments.

2. REPORT

- 2.1 Recently the Head of Finance and Resources has received a letter from the Director of the East Midlands Improvement and Efficiency Partnership asking him to discuss the possibility of Nottinghamshire and City of Nottingham Fire and Rescue Authority signing up to the prompt payment code with the "leader".
- 2.2 As the idea of the code is that it is one which should be adopted by the Authority as a whole, the opportunity was taken at the meeting of the Finance and Resources Committee in October 2009 to discuss this informally with Members, who were all in agreement that the code was worthy of adoption. To this end they requested a report be brought to the full Fire Authority.
- 2.3 The Prompt Payment Code is another critical step in a series of structured initiatives devised by the government with The Institute of Credit Management (ICM) to tackle the crucial issue of late payment and help small businesses especially. Suppliers can have confidence in any company who signs up to the code that they will be paid within clearly defined terms, and that there is a proper process for dealing with any payments which are in dispute.
- 2.4 Approved signatories undertake to:

Pay suppliers on time:
 - within the terms agreed at the outset of the contract;
 - without attempting to change payment terms retrospectively;
 - without changing practice on length of payment for smaller companies on unreasonable grounds.

Given clear guidance to suppliers:

- providing suppliers with clear and easily accessible guidance on payment procedures;
- ensuring there is a system for dealing with complaints and disputes which is communicated to suppliers;
- advising them promptly if there is any reason why an invoice will not be paid to the agreed terms.

Encourage good practice:

- by requesting that lead suppliers encourage adoption of the code throughout their own supply chains.

2.5 Most of the provisions of the code are already complied with by the Authority.

3. FINANCIAL IMPLICATIONS

There may be minor financial implications arising as a result of having to notify suppliers of the Authority's compliance with the code, but these are not considered to be onerous.

4. HUMAN RESOURCES AND LEARNING AND DEVELOPMENT IMPLICATIONS

There are no human resources and learning and development implications arising from this report.

5. EQUALITY IMPACT ASSESSMENT

An initial equality impact assessment has not been prepared in relation to this matter.

6. CRIME AND DISORDER IMPLICATIONS

There are no crime and disorder implications arising from this report.

7. LEGAL IMPLICATIONS

There are no legal implications arising from this report.

8. RISK MANAGEMENT IMPLICATIONS

There are no risk management implications arising from this report.

9. RECOMMENDATIONS

That Members approve the adoption of the Prompt Payment Code as set out in Paragraph 2.4 above and to authorise the Head of Finance and Resources to make the appropriate commitment using the online facilities.

10. BACKGROUND PAPERS FOR INSPECTION (OTHER THAN PUBLISHED DOCUMENTS)

None.

Frank Swann
CHIEF FIRE OFFICER