The Fair Payment Code

The Fair Payment Code is an initiative set up and run by the UK Government to drive best practice and improve payment performance within the UK business sector.

It does this by helping organisations show they are meeting or working towards paying their supply chain within 30 days.

Membership is free and there are no ongoing membership costs.

The Fair Payment Code replaces the previous Prompt Payment Code and includes some enhancements to this:

Quickfire Guide

Quickfire Guide

Fair Payment Code Enhancements

Tier System

One change is the inclusion of a tiered award system, where organisations that sign up to the scheme can be awarded Gold, Silver or Bronze award levels based on their payment performance.

Fixed Term

Another change is that the Fair Payment Code awards are restricted to a maximum of two years, with organisations required to reapply for their award at the end of each two year period.

Verification

Additionally, the Fair Payment Code has been strengthened by increasing the level of checks carried out.

Organisations' compliance is robustly assessed and upheld by payment performance data being analysed and all references approached.

Complaints Process

A more rigorous complaints process has been introduced. This provides a clear route for raising and addressing concerns, making the system more accountable and responsive for all stakeholders. Organisations can highlight Awardees that are not meeting the requirements of their Award category (Gold, Silver or Bronze) or not following the principles of the Fair Payment Code.

By signing up to the Code principles, organisations are committing to engage with the Fair Payment Code Team to address any complaints which may be raised.

How to use the Fair Payment Code

Any organisation of any size can apply to receive a Fair Payment Code Award, as long as they can provide evidence that they are meeting the Fair Payment Code's requirements which are:

- the ability to pay suppliers within the required number of days
- providing proof and references of payments
- meeting the expected behaviours (contracts should be clear and understandable, everyone should know the payment terms and when money will arrive, and payment disputes should be avoided and resolved quickly if they do arise) and
- complying with the Fair Code Principles of being clear, fair and collaborative with their suppliers

If your organisation has received a Fair Payment Code Award(s) you are able to demonstrate to other organisations, bidders and suppliers:

- your proven commitment to best practice and improving payment performance within your supply chain, whilst also

- providing assurances to the organisations you wish to contract with

Fair Payment Code Award Categories

There are three Award categories:

- **Gold Award** - for those organisations paying at least 95% of all valid invoices within 30 days
- **Silver Award** - for those organisations paying at least 95% of all valid invoices within 60 days, including at least 95% of valid invoices to small businesses (with fewer than 50 employees) within 30 days
- **Bronze Award** - for those paying at least 95% of all valid invoices within 60 days

Other organisations that are eligible to apply include:

- Universities (Institutions of higher education run as commercial organisations, not owned by local authorities)
- Community Interest Companies (social enterprises regulated by the Community Interest Company Regulations that utilise their profits and assets for public good)
- Charities (non-profit organisations that are set up to benefit the public for philanthropic purposes)
- Business Representative Organisations (bodies that advocate in the interests of businesses such as trade associations and chambers of commerce)
- Co-Operatives (organisations that are owned and run jointly by their members, sharing the profits and benefits)

Government departments and Public Sector bodies are NOT eligible to join the Fair Payment Code.

If you have any questions on prompt payment please contact: Scottishprocurement@gov.scot