

Prompt Payment Code Code Compliance Board Terms of Reference

1. ESTABLISHMENT

1.1. The Code Compliance Board (the “Board”) is established by the Chartered Institute of Credit Management (“CICM”), acting as administrators on behalf of the Department for Business, Innovation and Skills (“BIS”), to enforce compliance with the Code.

2. COMPOSITION

- 2.1. The Board will be chaired by Philip King, Chief Executive of the CICM. The CICM will also act as Secretary to the Board.
- 2.2. The Board shall have a minimum of five members (the “Members”), who shall be appointed by the CICM and will act in a personal capacity, rather than as representatives of their employing organisations. All members will be required to declare any conflicts of interest on joining the board and if a conflict arises at any time in relation to an investigation.
- 2.3. The Board membership will be reviewed annually.
- 2.4. A Member who wishes to retire or resign from the Board should provide sufficient notice to the CICM so that a replacement may be appointed before she/he leaves.
- 2.5. In the event of a vacancy, the CICM shall endeavour to fill the vacancy as soon as possible, with the Board being composed of business representative bodies, large companies, SMEs and public sector organisations.
- 2.6. Only Code signatories can become members of the Board.

3. MEETINGS

3.1. The Board shall meet as the Chairman of the Board or any Member requires.

4. RECORD KEEPING

- 4.1. The Secretary shall maintain a record of decisions taken by the Board.
- 4.2. Draft and final versions of meeting minutes and correspondence shall be circulated to all the Members for their comments and records within a reasonable time thereafter.
- 4.3. The Board shall report to BIS when appropriate and inform BIS of its decisions.

5. FUNCTIONS, DUTIES AND POWERS

The Board shall be responsible for enforcing the Prompt Payment Code. The primary functions of the Board include:

- 5.1. Investigating and ruling on challenges made against Code signatories by suppliers to decide whether the principles and standards of the Code have been breached (as set out in Annex A).
- 5.2. Investigating and ruling on possible significant contraventions where the Board thinks this appropriate.
- 5.3. Maintain a general oversight over Code signatories’ behaviour and provide compliance/advisory action where appropriate.
- 5.4. The Board will deliver a fair and proportionate sanction to a signatory if it is found to be in breach of the Code, ranging from providing information to help prevent further breaks, to expulsion from the Code.
- 5.5 Maintaining strict confidentiality for any documents related to Code signatories and discussions regarding their conduct on the Code.

6. PUBLIC COMMENT

- 6.1. Members will seek approval from the CICM, giving adequate note before they, or their employing organisation, make any external announcements or comment on matters relating to the Code, Code signatories or activity and/or decisions of the Compliance Board.
- 6.2. The Board shall decide whether to make public investigations or conclusions thereof, into Code signatories’ behaviour.
- 6.3. Once a year the Board should publish a summary of its workload and decisions made.

Annex A

Code 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

Give 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

Supplementary Standards /Principle

Maximum Payment Terms

- Additionally, signatories undertake to pay suppliers within a maximum of 60 days (in line with late payment legislation requirements), to work towards adopting 30 days as the norm, and to avoid any practices that adversely affect the supply chain.

The Code Compliance Board will have the remit to investigate and, if need be, act when a term in a contract exists or changes in a way that a supplier claims to be grossly unfair.