Prompt Payment Frequently Asked Questions

A **short video** is available which explains:

- What is Prompt Payment?
- Pre-existing prompt payment policy and why it was updated
- The changes driven by **SPPN 02/2022**
- How to evidence payment performance and monitor prompt payment

Has the SPD (Single Procurement Document) question 4C.4 been updated to include Prompt Payment?

Open or close

No new questions have been added to the **SPD** for Prompt Payment. However the **Standardised Statements** have been updated with more information on prompt payment to help you add further information to existing SPD question 4C.4 (to further detail what your minimum requirements are).

All SPD questions are consistent whether you are using:

- the SPD Module in **Public Contracts Scotland** (PCS) or
- in **PCS-Tender**

However please note:

If you are using the SPD Module in PCS: you will add your qualifying information e.g. standardised statements, into the specific SPD question in the PCS SPD module.

If you are using the SPD within PCS-Tender: you will add your qualifying information e.g. standardised statements, in the PCS Contract Notice.

When will evidence of Prompt Payment be requested by the buyer during the bidding process?

Open or close

As part of the tender process the SPD is used as a self-declaration form. This means that bidders are not required to produce supporting evidence to you upfront (unless there are clear reasons for doing so). Otherwise, you may request evidence at the end of the first stage of a two-stage procedure or prior to awarding the contract.

You should consider what prompt payment requirements you will have e.g. ongoing reporting requirements such as KPI's, and include these in your tender specification.

Once the contract has been awarded, as part of the contract management process, you can track the specific prompt payment reporting requirements, targets and/or KPI's that you requested from your supplier(s) on an ongoing basis.

How do I evaluate a bidder's Improvement Plan?

Open or close

When bidding for a tender if the bidder is unable to evidence at least 95% payment of invoices on time (more information can be found in the **Prompt Payment in the Supply Chain** station) you should request and receive an improvement plan.

Once this improvement plan is received, the bid can proceed to the next stage. You do not need to evaluate this improvement plan at this time – supplying this document is sufficient for the bid to proceed. Then, if this bid is successful, you will review and manage the improvement plan (and prompt payment performance) throughout the life of the contract as part of the normal contract and supplier management process.

How do I measure the payment performance of disputed invoices?

Open or close

Only valid invoices should be used to measure payment performance i.e. disputed invoices should not be included in the payment performance measurements.

Invoices are valid when they are matched accurately to a receipted purchase order and can proceed through the payment system. Invoice disputes can be caused by a range of issues e.g. incorrect PO number referenced.

Does the Prompt Payment guidance (SPPN 02/2022) apply only to regulated procurements?

Open or close

The Prompt Payment requirements (**SPPN/02/2022**) are relevant to all procurements where sub-contractors will be used to deliver the contract.

I am about to publish my Contract Notice but don't yet know whether sub-contractors will be used. What do I do?

Open or close

If a bidder indicates "No sub-contracting" in response to SPD question 4C.10 then no evaluation of Prompt Payment is required.

If the bidder indicates "Sub-contracting required" in response to question 4C.10 then their response to SPD question 4C.4 should be reviewed prior to contract award.

What if a bidder declines to adopt the Prompt Payment standard clause?

Open or close

You should seek specific legal advice before proceeding with any decision.

What is the Fair Payment Code

Open or close

The Fair Payment Code is an initiative set up to help businesses demonstrate that they are meeting or working towards this requirement through a tiered award system (gold – paying within 30 days is the standard required under the Procurement Reform (Scotland) Act 2014). The code is aimed at driving best practice and improving payment performance within the UK business sector.

For further information please visit the Prompt Payment in the Supply Chain page

Video Guide

Video Guide

Prompt Payment in the Supply Chain