



Camberley House  
1 Portesbery Road  
Camberley, Surrey  
GU15 3SZ  
Tel: 01276 509306  
Fax: 01276 761076  
Email: [info@labourproviders.org.uk](mailto:info@labourproviders.org.uk)  
Website: [www.labourproviders.org.uk](http://www.labourproviders.org.uk)

19<sup>th</sup> August 2015

## Small Business Commissioner Consultation

### WRITTEN SUBMISSION BY THE ASSOCIATION OF LABOUR PROVIDERS

Sent by email to: [latepayment@bis.gsi.gov.uk](mailto:latepayment@bis.gsi.gov.uk)

#### Contact

David Camp, ALP Director, Tel: 07855 570007, E-mail: [David@alliancehr.co.uk](mailto:David@alliancehr.co.uk)

#### The Association of Labour Providers (ALP)

The Association of Labour Providers (ALP) is a trade association supporting and representing those organisations that supply seasonal, agency and contingent labour into the UK food production, horticultural and agricultural sectors. The ALP has approximately 290 organisations that voluntarily choose to be members of the Association on payment of an annual subscription and commitment to abide by the ALP Constitution. ALP member organisations supply approximately 70% of the temporary workers into these sectors. All organisations that supply labour into these sectors are required to be licensed by the Gangmasters Licensing Authority (GLA). The ALP provides a range of services to help labour providers achieve labour standards compliance and good practice in the supply of workers.

#### Response

##### Questions 1, 4, 6, 7

See Appendix 1 - Supply Chain Bullying in the UK Labour Provider Sector

##### Question 10:

The Commissioner should have a wider supply chain role than just late payment.

##### Question 12:

Agree

## Appendix 1

# Supply Chain Bullying in the UK Labour Provider Sector May 2015

### Contact

David Camp, ALP Director, Tel: 07855 570007, E-mail: [David@alliancehr.co.uk](mailto:David@alliancehr.co.uk)

### ALP Supply Chain Bullying Survey

To assess the scale and pattern of any unfair procurement practices that may be imposed upon labour provider by their clients, the ALP conducted a survey of our key member contacts between 24<sup>th</sup> April and 7<sup>th</sup> May 2015 which asked the following questions:

#### A. FLAT FEES - 'PAY TO STAY' ARRANGEMENTS

These are flat charges which companies levy on suppliers either as a requirement to be on a supplier list, or packaged as an investment into hypothetical future business opportunities. It is often indicated that non-payment will result in de-listing.

1. Have you in the last 12 months been asked or required to agree to these terms

Yes  No

2. Do you regard this as

Fair Procurement Practice

Supply Chain Bullying

#### B. EXCESSIVELY LONG PAYMENT TERMS - 'PAY YOU LATER'

Companies insisting on payment terms of 90 or even 120 days. In effect this becomes an interest free loan from firms in the supply chain to large companies.

3. Have you in the last 12 months been asked or required to agree to these terms

Yes  No

4. Do you regard this as

Fair Procurement Practice

Supply Chain Bullying

#### C. EXCEEDING PAYMENT AGREEMENTS – 'LATE PAYMENT'

As well as insisting on long payment terms, companies may routinely exceed agreed payment terms, or changing terms retrospectively to allow them to miss agreed payment dates. Particularly common if money is owed on, or close to, the end of a financial reporting date in order to smooth a big company's balance sheet.

5. Have you in the last 12 months been subject to this practice

Yes  No

6. Do you regard this as

Fair Procurement Practice

Supply Chain Bullying

#### D. DISCOUNTS FOR PROMPT PAYMENT - 'ONE FOR YOU, ONE FOR US'

Prompt payment discounts are arbitrary discounts for paying early or even just on time. For example, a firm that has agreed to pay 120 days following receipt of an invoice may also apply an automatic discount of 3% if they pay on or before the 120th day.

7. Have you in the last 12 months been subject to this practice

Yes  No

8. Do you regard this as

Fair Procurement Practice

Supply Chain Bullying

#### E. RETROSPECTIVE DISCOUNTING - 'BALANCE SHEET BONUSES'

Some firms seek to apply retrospective discounts to outstanding money owed to a supplier. This involves the company effectively changing the terms of the contract signed with the supplier after a contract has been agreed. Methods used to extract these vary, but include threats of de-listing, withholding payment, 'marketing contributions' and previously un-agreed discounts applied to specific volumes of business.

9. Have you in the last 12 months been subject to this practice

Yes  No

10. Do you regard this as

Fair Procurement Practice

Supply Chain Bullying

#### F. ADDED SERVICES - 'JUST A LITTLE BIT MORE'

A price is agreed for the provision of an agreed service. The client then seeks to require added services at no extra cost such as "free" inductions; provision of food safety training or personal protective clothing; on-site supervision etc.

11. Have you in the last 12 months been subject to this practice

Yes  No

12. Do you regard this as

Fair Procurement Practice

Supply Chain Bullying

13. Are there any other unfair procurement or supply chain bullying practices that you have been subject to?



14. What is the turnover of your business:

- <£1m  £1m-£5m  £5m-£10m  >£10m

15. As a policy priority for the ALP, Supply Chain Bullying should be:

- HIGH PRIORITY  
 MEDIUM PRIORITY  
 LOW PRIORITY  
 NOT A PRIORITY

## ALP Supply Chain Bullying Survey Results

Forty one members responded to the survey.

The survey results were as follows:

<b>Have you in the last 12 months been asked or required to agree to this procurement practice?</b>	<b>Yes</b>	<b>No</b>
1. Flat fees	27%	73%
2. Excessively long payment terms	56%	44%
3. Exceeding payment agreements	66%	34%
4. Discounts for prompt payment	15%	80%
5. Retrospective discounting	20%	78%
6. Added Services	68%	32%

<b>Do you regard this as fair procurement practice or supply chain bullying?</b>	<b>Fair</b>	<b>SCB</b>
1. Flat fees	12%	88%
2. Excessively long payment terms	7%	86%
3. Exceeding payment agreements	0%	93%
4. Discounts for prompt payment	17%	63%

5. Retrospective discounting	20%	78%
6. Added Services	7%	81%

15. As a policy priority for the ALP, Supply Chain Bullying should be:

HIGH PRIORITY	73%
MEDIUM PRIORITY	24%
LOW PRIORITY	0%
NOT A PRIORITY	3%