



Small Business
Commissioner

Small Business Commissioner's
Report on G4S REGIONAL
MANAGEMENT (UK & I) LIMITED

May 2019

The Small Business Commissioner's report on payment practices at G4S REGIONAL MANAGEMENT (UK & I) LIMITED

Summary of Complaint

A small business approached the Small Business Commissioner (SBC) on 19 December 2018 regarding late payment fees in relation to a project undertaken for G4S. The small business submitted an invoice for £31,880.49 on 7 October 2018 based on contractually agreed 60-day payment terms. The payment was not received on the due date and the small business attempted to resolve this matter by initially emailing the G4S accounts payable team then subsequently by telephone without success. G4S confirmed that the invoice had been approved however, could not provide confirmation of a payment date.



Paul Uppal, the Small Business Commissioner

G4S advised that this late payment was an isolated incident and was not a serial offence. G4S also advised there were several escalation routes available for the late payment to be resolved. Following this response, the small business submitted further information to the SBC evidencing the persistent late payment of previous invoices over an 18-month period. These invoices were not disputed nor was there an obvious cause for the delayed payments. G4S did pay late payment interest on all previous late invoices.

Outcome

Initially G4S responded positively to the Commissioner's investigation, stating the internal error was identified prior to the complaint. However, correspondence dated 2 January 2019 from G4S Finance Centre, confirms that payment was made on the same day SBC made contact. The small business' invoice was paid 29 days outside of the agreed contracted terms. Moreover, G4S were provided with a further opportunity to investigate and respond to the new evidence provided by the small business, which contradicted earlier statements made by G4S. It is disappointing that G4S failed to carry out a more detailed investigation into the payment history on this case in the first instance.

The Commissioner made the following recommendations:

1. G4S review their procurement and accounts payable process to ensure they have robust processes in place to pay small businesses within the agreed payment terms;
2. G4S provide a single point of contact for small businesses to engage with when raising payment related complaints;
3. G4S to offer all small businesses 30-day standard payment terms in line with the Government's commitment for strategic suppliers to pay promptly;
4. Small businesses who encounter similar issues with late payments should contact him to share their experiences.

Businesses can contact the Commissioner by emailing enquiries@smallbusinesscommissioner.gov.uk or calling 0121 695 7770.

Paul Uppal commented:

“G4S is the largest outsourcing company in the UK and as a strategic government supplier they have a responsibility to lead by example and demonstrate timely payment practices to ensure small businesses are not left disadvantaged.

“G4S claim to have transparent payment practices however, based on the factual evidence of this complaint it is clear that they have further steps to take to ensure they are consistently compliant in paying promptly.

“The publication of my report should serve as a deterrent to other TIER 1 entities making similar omissions and encourage large business to adopt a responsible payment culture within their supply chain.”

The Managing Director of the small business commented:

“G4S were a good client, all of the senior staff that I worked with were professional and treated us with respect. However, G4S let themselves down with the payment practice of their shared service finance centre, which involved time and stress for me in repeatedly chasing payments. It’s a real shame that happened otherwise I would be happy to work with them again”

Steve Poole, G4S Head of Transactional Services, commented:

“G4S has over 5,000 suppliers in the UK and receives 250,000 invoices a year. We are committed to honouring the payment terms as agreed with our suppliers. We have also made significant investment in our payment software, staff training and ticketing systems to ensure our suppliers are paid promptly.

“G4S takes its responsibilities seriously regarding the payment of suppliers to support cash flow and their role within our supply chain.

“G4S’s finance team had picked up the late payment error, which was then resolved prior to contact from the Small Business Commissioner. In this instance, the small business was paid the interest payment on the late invoices.”

Complaint Timeline

07/10/2019 The small business submitted their invoice to G4S on 60-day payment terms.

06/12/2019 Payment due but was not received.

13/12/2019 The small business contacted G4S via email however, no response was received.

19/12/2019 The small business contacted the G4S shared services centre. They were advised that their invoice had been received however, they were waiting for management action and were unable to provide a date when payment would be processed.

19/12/2019 The small business contacted the Small Business Commissioner (SBC).

02/01/2019 SBC contacted G4S shared service centre.
G4S confirmed payment would be paid on that same day.

04/01/2019 The small business confirmed that they received the overdue payment from G4S.

07/01/2019 The SBC contacted G4S and requested an explanation as to why the payment was made late.

25/01/2019 Reply received from G4S shared service centre.

24/01/2019 Small Business Commissioner contact G4S's CFO regarding payment practices.

25/01/2019 Reply received from G4S Head of Transactional Service to state the delay was caused due to human error in the approval process.

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| 04/04/2019 | Letter to both parties advising of the Commissioner's decision to uphold the complaint and intention to publish a report. |
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| 05/04/2019 | G4S Head of Transactional Service provided representations to the Commissioner. |
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| 11/04/2019 | The small business provided additional evidence of consistent late payment over an 18-month period. |
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| 02/05/2019 | Letter to G4S Head of Transactional Service advising of the Commissioner's decision to uphold the complaint and publish a report, allowing G4S the opportunity to consider the evidence and provide further representations. |
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| 05/05/2019 | Letter to both parties advising of the Commissioners decision to uphold the complaint and publish a report week commencing 20 May 2019, allowing G4S a further opportunity to provide representations about the complaint and provided the new evidence to them. The Commissioner to make his final determination on 17 May 2019. |
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| 13/05/2019 | Reminder determination letter sent to G4S Head of Transactions and Chief Financial Officer allowing them the opportunity to provide representations on the new evidence provided by the Small Business. |
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| 17/05/2019 | G4S Head of Transactional services provided further representations on the complaint including the new evidence provided by the complainant. G4S have stated that this is a one-off occurrence. |
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Glossary

Complaints Handling Scheme

Small businesses can complain to the [Small Business Commissioner](#) about payment problems they are encountering concerning their larger business customers, making non-binding recommendations on how the parties should resolve their disputes.

Larger Business (Medium or Large Business)

Larger business means a business that is not a small business. A larger business will therefore have more than 50 employees and will encompass both medium and large businesses as defined by the [Companies Act 2006](#).

The full definition of a larger business in relation to the Small Business Commissioner complaints handling service can be found in [The Enterprise Act 2016](#).

Small Business

For the purpose of determining who is in scope of the Small Business Commissioner complaints handling scheme, a small business is a business which has fewer than 50 employees.

The full definition of a small business in relation to those in scope of the Small Business Commissioner complaints handling service can be found in [The Small Business Commissioner \(Scope and Scheme\) Regulations 2017](#).

The Office of the Small Business Commissioner

This document can be downloaded from
www.smallbusinesscommissioner.gov.uk

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