Department of Finance
An Roinn Airgeadais
www.finance-ni.gov.uk

Mr Peter McCallion
Economy Committee Clerk
Northern Ireland Assembly
Parliament Buildings
Stormont
Belfast BT4 3SW

Private Office
2nd Floor
Clare House
303 Airport Road West
BELFAST
BT3 9ED

Tel: 028 9081 6116
Email: private.office@finance-ni.gov.uk

Our reference: GM-0916-2026
Date: 9 November 2026

Dear Peter

Commercial Payments Bill LCM

Thank you for your letter of 4 November 2026 8 May 2026 about Commercial Payments Bill LCM seeking DoF policy information and consideration of the above Bill LCM.

Please see attached Annex A.

Yours sincerely,

[redacted]
DEPARTMENTAL ASSEMBLY LIAISON OFFICER

cc: Finance Committee

Annex A

1. The Department for Business and Trade (DBT) is progressing a Commercial Payments Bill through Parliament. The Bill is at the second reading stage in the House of Commons.

2. The Department for the Economy (which is the policy lead here for most of the provisions) brought forward a Legislative Consent Motion on 23 October 2026 for the Executive to consider whether Northern Ireland should be included within the Commercial Payments Bill.

3. Prompt payment is vital to business sustainability and the wider economy, particularly for small and micro businesses facing rising costs. Improved cash flow supports business growth, innovation, job creation and fair salaries amid increased living costs. The Bill proposes to improve payment practices across the economy, including departments, their arm's-length bodies and their suppliers, by:

    - imposing maximum payment terms of 60 days (30 days for Public Authorities) with strictly limited exemptions;
    - mandating interest on late payments at 8% above the Bank of England base rate; and
    - giving suppliers the right to a fixed sum where a purchaser raises a dispute late or without sufficient information.

4. Underpinning these new legislative measures to address poor payment practices, the Bill also proposes stronger powers for the Small Business Commissioner (SBC) and new reporting requirements for large businesses. The SBC is an independent public body set up by the British Government to provide advice to small businesses across the country, including within the devolved administrations. The SBC is focused on resolving payment disputes between small businesses and their larger customers.
5. The Bill will require large companies to report the amount of interest they have paid and the interest they owe on late payments. In addition, boards or audit committees of persistently late-paying large companies will have to publish commentary explaining their poor payment performance and the actions they are taking to address it.

6. Within DoF, the proposed legislation is broadly aligned with existing approaches. DoF already operates against a target of paying valid invoices within 30 days. Prompt payment performance has improved steadily in recent years, with 97.1% of invoices paid within 30 calendar days in 2025/26, compared with 94.8% in 2021/22.

7. The Bill's main implication for DoF is the shift from payment timescales being a performance measure to making them a statutory obligation, with direct financial consequences through mandatory interest and compensation payments being applied where invoices are paid late.

8. Overall, given current payment performance levels, it is not anticipated that the measures contained within the Bill would present significant difficulties for DoF, provided that existing performance is maintained or improved. The legislation is, however, likely to increase the importance of prompt invoice approval and good practice across all business areas.

9. The Bill will introduce primary legislation and make consequential changes to:

    - the Late Payment of Commercial Debts (Interest) Act 1998;
    - the Enterprise Act 2016 (in relation to the functions of the Small Business Commissioner);
    - the Housing Grants, Construction and Regeneration Act 1996;
    - the corresponding Construction Contracts (NI) Order (excluding matters relating to retentions which will be progressed by CPD); and
    - the Procurement Act 2023.

10. Retentions are sums of money withheld from interim payments under a construction contract as security to ensure that the contractor properly completes the works and rectifies any defects. DBT’s proposed amendments to the Housing Grants, Construction and Regeneration Act 1996 will result in a ban on retentions in construction contracts in GB.

11. However, DBT’s planned amendments to the corresponding legislation here, the Construction Contracts (NI) Order, are confined to ensuring that prompt payment

measures will apply equally to construction contracts. The Bill will amend the Construction Contracts (NI) Order with regards to prompt payment, but will not include any amendments in relation to retentions in construction contracts here.

12. Instead, amendment of the Order by the Assembly, will provide the opportunity for further scrutiny of the impact that a ban on retentions would have, and allow consideration of alternative mechanisms for securing contractor performance here. DoF will, following public consultation, bring forward separate proposals relating to the use of retentions in construction contracts here.

13. The Bill envisages a two-year retention transition period after the legislation takes effect. During that transition period, existing arrangements could continue, after which new retention clauses would become void. DBT is considering practical alternatives to retentions as a means of providing security to construction clients. CPD is engaging with DBT officials on the potential need for any consequential changes to the Construction Contracts (NI) Order.

14. The Bill also proposes some minor consequential amendments to the Procurement Act 2023 intended to align the Act's payment provisions with the wider commercial payment regime. The Bill does not propose any significant reforms to the procurement regime itself.

Northern Ireland
Assembly

Committee for the Economy

Departmental Assembly Liaison Officer
Department of Finance
[redacted]

Our Ref: **EC2026:1175**

4 November 2026

Dear DALO,

Commercial Payments Bill LCM

At its meeting of 4 November 2026, the Committee considered the Commercial Payments Bill legislative consent memorandum.

The Committee agreed to write to the Department of Finance welcoming the application of the measures in the Bill and the positive impact they are expected to have on small businesses. The Committee also agree to seek clarity as to why the aspects of the Westminster Commercial Payments Bill which deal with construction payments are not being taken forward in Northern Ireland at this time.

I have written in similar terms to the Department for the Economy.

As the timescales for the Committee to report on the LCM are very limited, it is requested that you respond at your earliest convenience in writing on or before Tuesday 10 November 2026.

The Committee would also greatly appreciate any related background policy information that the Department can provide.

If you require further information or clarification in respect of the above, please do not hesitate to contact me.

Yours sincerely,

Peter McCallion

Peter McCallion
Clerk to the Committee for the Economy

Peter McCallion, Clerk to the Committee for the Economy, Northern Ireland Assembly
Room 349, Parliament Buildings, Ballymiscaw, Stormont, Belfast, BT4 3XX.
Email: committee.economy@niassembly.gov.uk **Tel. 028 9052 1821**