



Groceries Code Adjudicator

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Tacon marks end of first term with survey showing significant progress for groceries suppliers

Christine Tacon today released data demonstrating major progress across key issues during her four years as Groceries Code Adjudicator.

Figures from consecutive years of YouGov polling for the GCA demonstrate that she has had a major impact on specific issues that she has raised with the UK's largest supermarkets, achieving improvements in fairness for suppliers.

At the same time the 2017 YouGov survey published to coincide with the GCA's Annual Conference shows for the fourth year running fewer of direct suppliers saying they had experienced one or more Code-related issues in the past year. The proportion now stands at 56% down from 62% in 2016 and from the high of 79% in 2014.

Ms Tacon said: "The overall fall is welcome but the more dramatic data comes from looking at supplier experience of issues that I have identified among my Top 5 and where I have used collaborative or more formal regulatory action to drive change."

The figures show:

- **Forensic auditing:** 45% of suppliers reported experiencing this as an issue in 2014 but only 12% in 2017. In 2014 the Adjudicator secured a voluntary commitment from eight out of the ten regulated retailers to limit forensic audit activity to the current year plus two.
- **Margin Maintenance:** The Adjudicator initially raised concerns about retailers requesting lump sums to maintain margin in 2014 and her report of the investigation into Tesco made clear that any request for margin needed to be unambiguously supported by supply agreements. In 2017 only 10% of suppliers have reported this as an issue, down from 36% in 2014.
- **Consumer complaints:** In 2014 unjustified charges for consumer complaints was the second biggest issue with 37% of suppliers reporting it. A year later the Adjudicator published a best practice statement and monitored progress. In 2017 only 12% of suppliers have reported it as an issue.
- **Packaging and design charges:** Following action from the Adjudicator only 11% have reported concerns with packaging charges this year compared to 24% in 2014 and 30% in 2015.

Ms Tacon said: “Suppliers have found the issue of packaging and design charges to be an irritant for years. Recently a supplier in the fresh produce industry told me that that they had been trying to resolve the problem of overcharging in this area for more than 10 years. But within 18 months of me focusing on the problem he was pleased to say the issue had gone away.

“I see this as a sign that the collaborative approach that I have promoted has been a real engine of change and is achieving positive results across all retailers. I am delighted that suppliers are seeing the benefits of this change.”

The 2017 survey saw a large increase in the number of suppliers participating (1220), up 320% from the first poll in 2014.

For the fourth year running, Aldi topped the overall table in which suppliers rank their perception of retailers’ compliance with the Code; with Sainsbury’s as the highest placed of the big four (also for the fourth year in a row).

Ms Tacon said: “I am also pleased to report that suppliers are recognising that Tesco is continuing to improve; as is Morrisons, following a step change in its engagement with suppliers.”

Delay in payments continues to be the issue of highest concern to suppliers and remains in the current category in the Adjudicator’s Top 5 along with forecasting and linked to this the issue of promotions.

The Adjudicator added: “My survey is showing that the clarity I provided on delay in payments in the report of the investigation into Tesco and through working collaboratively with retailers has been valuable to suppliers and retailers alike. Practices are improving and suppliers are getting a better understanding of how I interpret the Code in this area and what they can challenge.

“One of the key areas where delay in payments manifests itself is in incorrect deductions from invoices with or without notice, with 32% of suppliers reporting this as an issue in this year’s survey. While this is down from 46% in 2014, this shows me that there is still work to be done in this area and I am right to maintain this as one of my Top 5 issues.”

At the Conference held at Church House, Westminster under the title “Driving Change, Making an Impact” Ms Tacon confirmed that she had committed to continue for another year as Groceries Code Adjudicator while the GCA’s remit is still being considered by the Government.

“This allows both me and BEIS ministers to consider whether I am the right person for the role if the call for evidence leads to significant change to the GCA.”

Notes to editors

1. The new list of Top 5 issues is: Current: delay in payments, forecasting and promotions; Monitored: payments for better positioning, pay to stay.
2. For further information contact Sheree Dodd (07515 359793) or refer to the GCA website: www.gov.uk/gca