



Groceries Code
Adjudicator

News from the Adjudicator

Edition 8

Welcome from the Groceries Code Adjudicator



News from the Adjudicator is an important way for me to keep the groceries sector up to date on the latest GCA developments. This latest edition is packed with news.

I have just held my third annual conference and I was pleased to report significant progress. You can read my full annual report and accounts [here](#). As well as looking back over a very busy year I used the occasion to set the direction for the year ahead.

Once again I intend to focus action on the Top 5 issues and I announced my new list. The Top 5 are now: artwork and design services, delay in payments, requests for lump sum payments under margin maintenance agreements, pay to stay arrangements and payments for better positioning. An outline of each of these issues is available via this [link](#).

My choice of which issues to include in my Top 5 is based among other things on the information I receive from the GCA survey. I am very grateful to all of you who completed the survey; this year we had 1070 responses, with 921 from direct suppliers.

YouGov, who carry out the survey, presented the results at the conference. For the second year running the number of suppliers reporting they had experienced a Code-related issue in the past year has fallen; 62% in 2016, compared to 70% in 2015 and 79% the year before. Direct suppliers also told us that most retailers had improved their behaviour in the past year with the highest performer identified as Tesco.

I am delighted that direct suppliers are seeing the impact of real change for their businesses. This has been a year of progress with all top ten supermarkets acting on issues that I have raised.

But there is still further to go – too many issues are still being experienced and once more delay in payments has topped the suppliers' list. Just under a third said they had experienced incorrect deductions from invoices with or without notice while 28% cited excessive charges for artwork and design.

Other positive results were rises in suppliers saying they had a good 'understanding of the Code' and my role and responsibilities, a fall in the number of suppliers saying they had raised an issue with a retailer in the past 12 months and across the board more suppliers knowing how to contact the retailers' Code Compliance Officers.



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- Meet the CCO – Steven Butts, Wm Morrison Supermarkets Plc

More than 230 delegates attended the conference, receiving powerful presentations from Ian Wright, Director General of the Food and Drink Federation and Small Business Minister Anna Soubry MP, who is a strong champion of the need for culture change in the sector and is very supportive of my work.

This [link](#) will take you to the full YouGov survey and conference presentations.



Christine Tacon

Consultation. Paragraph 12 of the Code: payments for better positioning

I have now launched a formal consultation into payments for better positioning. This issue is directly linked to areas of concern I found during my investigation into Tesco.

The consultation will be open for 12 weeks until 19 September. I am particularly urging direct suppliers to respond to it. The information I receive will allow me to clarify paragraph 12 of the Code relating to payments for better positioning.

I am planning events during the consultation period, particularly to ensure I receive views from direct suppliers. The first event was in the afternoon of the annual conference when over 50 direct suppliers joined me in a lively workshop session to provide some initial responses to the key consultation questions:

1. Indirect requirements by retailers when:
 - The retailer requests money for better positioning or allocation of shelf space (whether explicitly or implicitly);
 - The supplier offers money for better positioning or more shelf space, as part of a wider negotiation in which the supplier believes the retailer to expect payment, and the discussion is really focused on what benefit the supplier might get in return.

2. Benefits offered by retailers or sought by suppliers in return for lump sum payments, and whether they are actually about better positioning or more shelf space, or something else:
 - Through category captaincy and category management; and
 - Through range reviews.

Please find the time to respond to this important consultation. You can access it [here](#); respond online or download the document and submit it separately by email or post. No suppliers will be named in my response to the consultation.

Trade Association meeting

Save the date

As part of a series of consultation-related events, I am inviting all trade associations representing groceries direct suppliers to a workshop on 27 July at Victoria House.

For further details and to reserve your place email enquiries@gca.gsi.gov.uk

I am also offering:

- workshops for direct suppliers hosted by their trade associations. If you would like one, please tell your association and we will arrange a date;
- a limited number of private meetings for direct suppliers to discuss the issues raised in the consultation. If you would like to take up this opportunity, please email enquiries@gca.gsi.gov.uk

Training

Following my 'get trained' campaign, YouGov identified a rise in the number of direct suppliers trained in the Code. But the figure of 35% - up from 29% last year – is still not enough compared to the 100% of relevant retailer staff trained.

The survey revealed that more than half of suppliers did not know about training on the Code or how to access it but 21% thought it would be useful if their trade association provided or organised training. So I will continue to encourage trade associations to do more. Look in the next newsletter for more information.

Make sure you tell me what is going on

I recently published my latest case study following requests by Morrisons for lump sum payments from suppliers. Read the full details [here](#).

The case study describes how as soon as I received information on the issue I contacted the CEO and indicated that the requests appeared to be in breach of the Code. Morrisons carried out an internal investigation and suppliers told me the requests were not followed up. Where suppliers had paid money for no clear benefit Morrisons offered it back.

The clear message to suppliers – especially those who told YouGov that they would not give me information because they fear that their relations with a retailer will be damaged – is that bringing me information is a win-win.

It is time to overcome the fear factor. If I know about issues I can act and stop problems in their tracks; suppliers benefit and their identities are not revealed.

Meet the CCO

Steve Butts answers questions about his role as Compliance Director for Wm Morrison Supermarkets PLC. Read more [here](#) about his desire for suppliers and retailers to work openly and directly together to resolve issues.

Contact details for Steve

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