

# Watchdog: spill the beans on supermarket abuses



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The supermarkets watchdog has called on suppliers to raise complaints about potential breaches of the industry's code of conduct.

The Groceries Code Adjudicator is trying to reassure suppliers after a survey it commissioned found that less than 40 per cent of those polled would complain to it.

Of those polled by YouGov, 58 per cent feared retribution from the big supermarkets and 41 per cent thought that the adjudicator "wouldn't act".

The industry-funded watchdog has come under scrutiny in recent weeks in the wake of the Tesco accounting scandal. Established in June 2013, it oversees the ten grocers with annual sales of more than £1 billion. Despite 80 per cent of suppliers saying that they had issues that could involve a breach of the code, it is yet to launch an investigation. It also delayed adjudicating on two requests for arbitration until the end of March because it had not published its arbitration policy.

In its first year in operation, the adjudicator did clarify the code on two occasions after concerns were raised by suppliers and a trade body.

One case regarded Tesco requesting payment from suppliers for better shelf positioning of their products. The adjudicator said this was "contrary to the spirit, if not the letter, of the code". Tesco was said to have told suppliers that the request had been an "error" and that it had reminded its buyers of the code.

Tesco's relationship with suppliers has come under the spotlight since it revealed an estimated £250 million shortfall in its interim profits forecast. The grocer's preliminary investigation found it was bringing forward income from suppliers and deferring costs.

The adjudicator has asked Tesco to examine its behaviour towards suppliers as part of the investigation Tesco has commissioned from Deloitte and Freshfields, the law firm.

Tesco intends to disclose findings from the investigation on October 23, when it announces its delayed interim results. In the meantime, it is said to be close to clearing out its boardroom with the appointment of new non-executive directors, including Patrick Kennedy, the outgoing boss of Paddy Power, the bookmaker. Mr Kennedy and Tesco declined to comment yesterday.

Tesco was the most complained about supermarket, accounting for 12 per cent of issues raised in the adjudicator's first year. Morrisons was joint top.

Christine Tacon, who was appointed adjudicator by Vince Cable, the business secretary, and is a former boss of the Co-operative Group's farms business, has told suppliers: "Give me the tools and I can do the job.

"The GCA needs to know of practices and issues which could be in breach of the code. Anyone can bring me information. Confidentiality will be protected."

One supplier told the adjudicator that the practice of supermarkets "disputing or delaying payment of genuine invoices for greater than 120 days and then looking to trade them away in year-end negotiations has become commonplace".

The Tesco accounting scandal has focused attention on the industry-funded watchdog  
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