

Late payments for small and micro firms

A collaboration between Cebr, Smart Data Foundry and Sage

April 2025

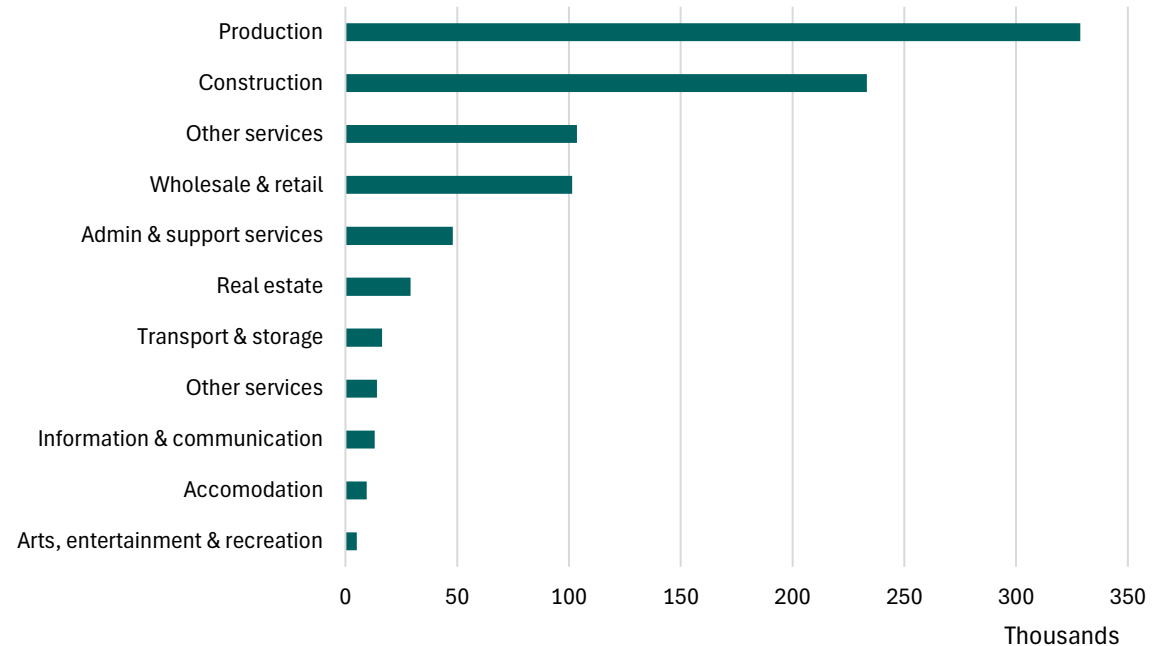
Sage



Small firms were owed £112 billion in late invoices in mid 2024

- Firms that employ between 0-9 employees in the UK were owed £112.2 billion in late invoices in Q3 2024. This is up from £109.0 billion at the end of 2023, and £104.3 billion at the end of 2022 (in 2024 prices).
- The average business with 0-9 employees was owed £41,816 in Q3 2024.
- Production firms fared worst, with each company being owed £329,000 on average, followed by construction firms (£233,000).
- The average small firm had £59,491 cash in the bank in Q3 2024, highlighting that the value of late invoices is significant compared to the financial resources small firms have.

Value of late payments owed in Q3 2024, by industry
(GBP, 2024 prices)



Payment times are gradually coming down

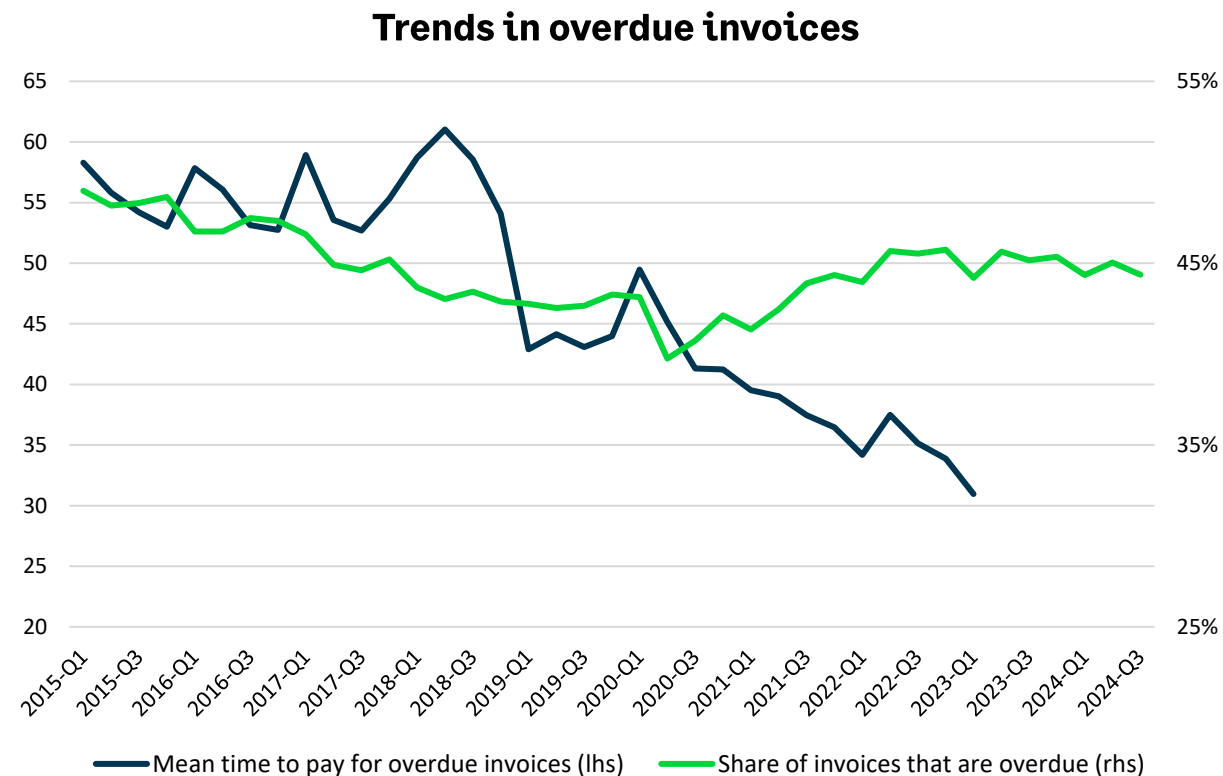
The share of invoices that were late was 44.4% in Q3 2024. This has been on a gradual downward trend from a post-pandemic peak of 45.7% in Q4 2023.

While both are now on a downward trend, there was a divergence between the share of late payments and the mean time to pay a late invoice during the pandemic, with the latter continuing to see a decline.

The mean time to pay an invoice once overdue has gradually eased from a peak of 61.0 days in Q2 2018 to 31.0 days as of Q1 2023. This is currently the latest available datapoint due to the time taken to settle late invoices.

The time taken for small businesses to pay late invoices once overdue has similarly eased in this time frame, falling from a peak of 57.0 in Q2 2018 to 31.2 in Q1 2023.

The mean time to receive payment for all invoices has similarly been on a gradual downward path, falling from a peak of 60.8 days in Q1 2015 when data began, to 27.7 in Q1 2023. The time taken for small businesses to pay invoices has fallen from a peak of 53.9 in Q3 2018 to 28.5 in Q1 2023.



Methodology

The value of the late payments figure was based on a sample of around 31,000 businesses that use Sage software to manage purchase invoices. The total number of invoices for Q3 2023 was 1,192,882. The mean headcount for a business in the Sage data was around 6, while the 90th percentile was around 11. Therefore, we analysed the results as broadly representative of businesses with headcounts between 0-9.

The first step of the approach was to create the business-level average value of late payment, split by sector and region. This was calculated by taking the mean value of overdue invoices by sector and region, multiplying it by the number of late invoices by sector and region, and then dividing that figure by the number of businesses with invoice records in that sector and region breakdown category.

We were unable to ascertain, using Sage data alone, the number of businesses which are subject to late payments. We couldn't robustly make an assumption whether the businesses that don't have invoice data with Sage, but have data for other metrics, are lacking data due to not having late invoices or because they manage invoices away from the Sage platform.

We therefore used a [report from the FSB](#), which provided survey results for the percentage of small firms with late payments in Q4 2022. This was broken down by sector, which we applied to our sample, assuming that there was no variance between regions. In doing so, we converted the sample-level business average into a population-level business average, by sector and region.

The final step of the approach was to scale the results to reflect the whole economy. We did this by multiplying each demographic breakdown for the average value of late payments by the number of businesses in that sector and region that had between 0-9 employees. This used data from the Inter-Departmental Business Register, taken as a snapshot on 8 March 2024, [made available by the ONS](#). The figures were then deflated to 2024 prices.



Thank you!

© 2022 The Sage Group plc or its licensors. All rights reserved. Sage, Sage logos, and Sage product and service names mentioned herein are the trademarks of Sage Global Services Limited or its licensors. All other trademarks are the property of their respective owners.