

Project Bank Accounts

Bridgend

3rd March 2015



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Introduction

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Llywodraeth Cymru
Welsh Government

www.cymru.gov.uk

PROJECT BANK ACCOUNTS

Helen Beddow

Value Wales

Gwerth Cymru / Value Wales

Project Bank Accounts

- What?
 - Ring fenced bank account with trust status from which payments are made directly and simultaneously to members of the supply chain
 - Why?
 - There is a payment problem.
 - When?
 - Early pilots identified, procurement policy published to be reviewed and updated by Autumn 2015
 - Who?
 - Welsh public sector
- 

Background

- One of the recommendations of CEW's "No Turning Back" report:

"adopt best practice approach to payment"

- Implementation of PBA's is an action of the Construction Procurement Strategy and commitment of the Strategy Steering Group
 - Fair payment practice and implementation of PBAs is a shared commitment of the Construction Commitment Charter for Wales
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PBA's – The National Perspective

All four UK Governments are implementing policy and practice of PBAs to reduce the impact of poor payment practices inherent in the Construction sector

England - agreed to move to a position where PBAs are the default on government projects

Scotland - Deputy First Minister announced intention to trial PBA's in April 2013

Northern Ireland – Finance Minister introduced measures in January 2013 - PBAs made mandatory on Government contracts over £1 million

Welsh Government Policy

Trialling and adoption:

- Draft policy and guidance on PBAs was published by the Finance Minister in April 2014
- pilot projects have been identified to test out principles of PBAs and feedback into the guidance notes
- Final guidance and policy after initial pilot projects will be published in Autumn 2015

PBA's will become mandatory on Welsh Government funded contracts.



Contact Details

The policy & guidance will be available on:

<http://prp.wales.gov.uk>

For further information and guidance email:

vwpolicy@wales.gsi.gov.uk



Implementing Project Bank Accounts

Bridgend

Tuesday 3 March 2015

Brian Kilgallon
Rider Levett Bucknall

The Payment Problem

Construction firms are relatively undercapitalised, compared with firms across the rest of the UK economy

- both capital employed (45%) and equity (25%) are much lower than in the rest of the economy (60% and 34% respectively)
- The key difference in the structure of financing of assets in construction is the higher proportion of trade creditors and accruals compared to the rest of the economy; between two and three times as much depending on the measure used

TRADE CREDIT IN THE UK CONSTRUCTION INDUSTRY: An Empirical Analysis of Construction Contractor Financial Positioning and Performance

BIS RESEARCH PAPER JULY 2013

The Payment Problem

- The Problem has been around for decades, Latham and Egan wrote about it in the 1990's
- At height of the recent recession 10 sub-contractors were failing every day. Almost 1 in 2 failing due to payment problems
- In 2010 Cabinet Office analysed the publically available accounts of the top 10 construction suppliers to the public sector to determine the average **creditor days** to their suppliers:

Weighted average was 64 days

- Payment periods of 60+ days still the norm, 120+ days not uncommon
- Some contractors even have schemes where sub-contractors can pay to get their own money earlier

Why change?

- Addressing the payment problem will lead to improved project performance:
 - Improved Cash Flow and better financial stability
 - Greater transparency of payment process
 - Improved relationships, better project focus and better outputs
- PBAs provide protection for SMEs in the supply chain:
 - Protect their often very fine margins
 - Obviate the need for unnecessary borrowing
 - Can lead to a much more balanced trading environment

PBAs - default position in England

Government Construction Board agreed to move to a position where PBAs are the default on government projects and committed to a target of delivering £4bn worth of construction projects using PBAs over the next three years.

The GCB require PBAs to be used to at least Tier three on projects and for at least 80% of the value of work sub-contracted.

Source: A guide to the implementation of Project Bank Accounts in construction for government clients (May 2012)

Cabinet Office – PBA uptake statistics

Year	2011/2012	2012/2013	2013/2014
Highways Agency	472	891	1,407
Ministry of Defence	628	42 *	297
Ministry of Justice	-	11	9
Environment Agency	-	4	20
Total	1,100	948	1,733
Cumulative Total	1,100	2,048	3,781 *
<i>CrossRail</i> (excluded from above totals)	1,070	1,395	136

* 2013/2014 Total – Now confirmed at £5.2B

Highways Agency

PBAs are their default position now

HA have to date delivered over £5 Billion of work through projects using PBAs.

They recently announced their forward work programme for the next decade which totals circa £15B. This will be delivered through projects using PBAs

PBAs – where else are they used

Wales – Aim to make PBA's mandatory on Welsh Government funded contracts. Threshold for use to be determined after PBA's have been trialled on a broad range of projects.

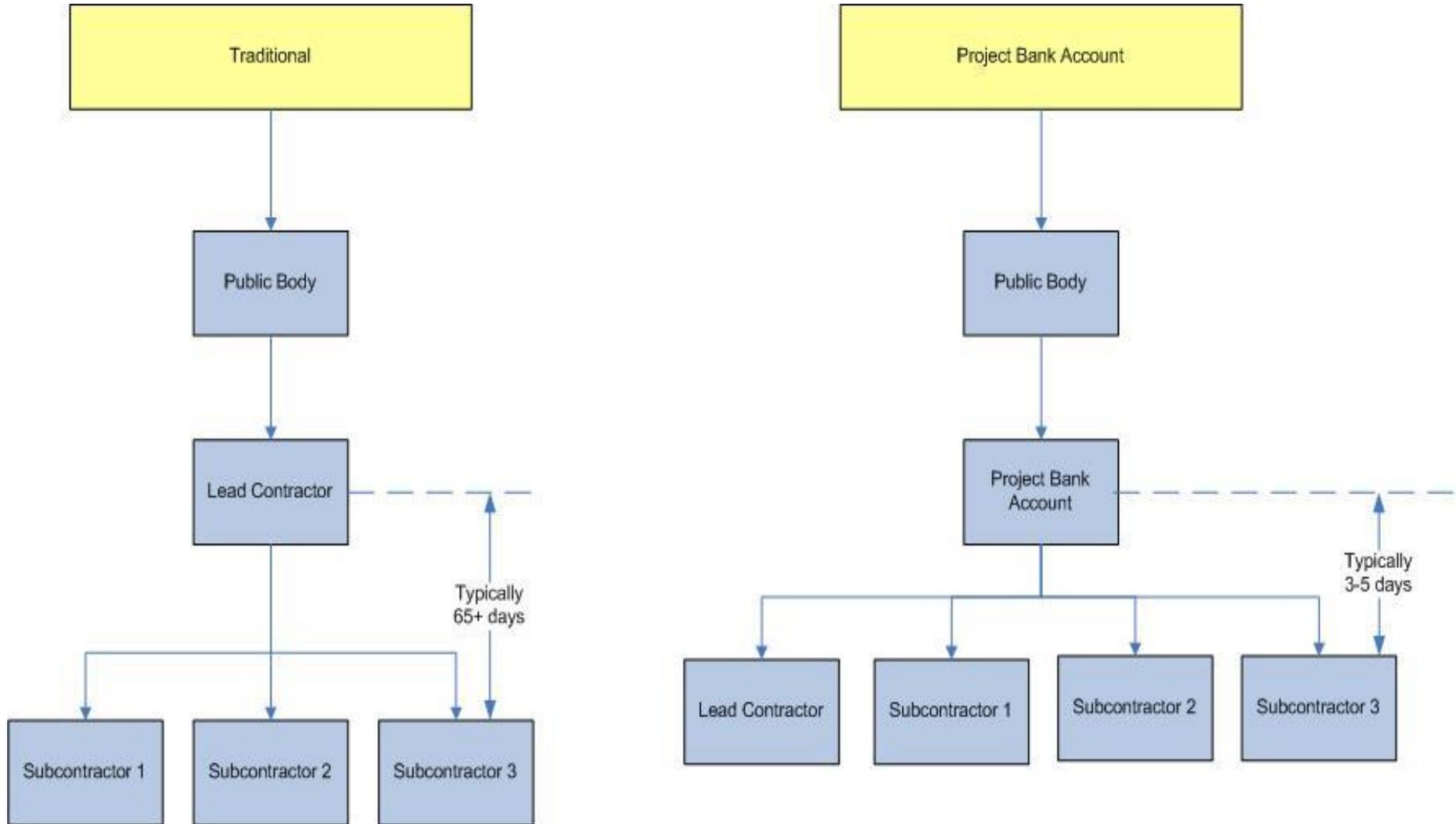
Northern Ireland - Finance Minister introduced measures in January 2013 to protect sub-contractors from unacceptable payment practices including making PBAs mandatory on Government schemes over £1m.

Scotland - Deputy First Minister announced the Scottish Government's intention to trial PBAs on 17 April 2013. Approximately 6 Pilot projects have been identified and first PBA project completed recently.

Western Australia & New South Wales – Adopted PBAs on government contracts and have commenced trials. 10 PBA Pilot projects targeted, first PBA payments August 2014

What is a Project Bank Account?

PBA - Money route map



What is a Project Bank Account?

- **Ring-fenced**, electronic bank account, from which payments are made directly and simultaneously by a client to members of his supply chain
- **Accelerates payment** due to tiers 1 – 3, usually within 3 to 5 working days of the Client paying the certified value of the monthly assessment into the PBA
- Has **Trust Status** which secures the funds in it and can only be paid to the beneficiaries – the supply chain members are named in the account

What is a Project Bank Account?

- Similar to an escrow account
- PBAs aren't that different to other bank products, it is the context in which it is used that makes it different
- Medium through which interim payments are made
- Provides clients visibility & auditability over timing/amounts of payments
- Simple and cost effective to set up and operate

What a Project Bank Account doesn't do

- It does not involve client prefunding but can be used as receptacle for project funds if a client wishes
- It does not cut across any contractual provisions including:
 - those dealing with the preparation and submission of interim applications
 - valuation, authorisation or certification of interim payments
- It does not take away the lead contractor's responsibility for managing the supply chain so that the work is performed in accordance with the contract
- It does not negate any rights of abatement and/or set-off

How do PBAs operate: Interim payment cycle

Contractors **need to align** their supply chain payment cycles with those in the head contract with the client

- The contractor prepares his application in the normal way
- He performs the due diligence on the supply chain applications
- It is after certification that the process changes

Two PBA models

- Original - Dual Authority method (**joint client & contractor account**)
- Variant - Single Authority method (**sole contractor account**)

Key requirements

- Two parties to Trust Deed
- Both client and contractor authorise payments

Implementing PBAs

(from the client and contractors perspective)

Overview of implementation process

There are a number of ways in which clients can move to using PBAs. It can be either through **a single project to act as a pilot** or in a structured programme.

When considering appropriate projects to implement PBAs, as general guidance, the first projects should be straightforward and of medium duration and value

Value Wales - Welsh Government

Project Bank Account Implementation & Guidance Note

Keep your first PBA simple, don't try to run before you can walk

Implementation checklist

- How you manage the process
- Criteria for which projects use PBAs
- Who is included in PBA from supply chain
- Joint or Sole account
- Selecting the bank (is a banking contract for PBAs an option longer term)
- PBA clauses in Head Contract
- Form of Trust Deed to be used
- Two Trustees (always)
- Client and Contractor authorisation of payments out
- Procurement issues (inc. OJEU wording and Contract Data inclusions)
- Post Appointment

Managing the process

Business Case

- Protection of supply chain
- Reduction in costs (difficult to demonstrate)
- Greater visibility of supply chain

Treat PBA role out as a project

- Agree RACI
- Internal PM to manage and audit all schemes and any proposed changes
- HA introduced a PBA board to oversee role out
- If PBA = business as usual going forward (require a business case for none use)

Managing the process

Governance - set the rules for PBAs within your organisation

- Which projects
- Which PBA model
- Systems and processes which govern PBA operation
 - *Approving the form of Trust Deed, Deeds of Adherence to be used*
 - *Agreeing payments due to lead contractor and each of their named suppliers*
 - *Paying money into the PBA and approving payments*
 - *Agreeing which supply chain members are not be paid directly from PBA*
 - *KPIs to be used to monitor PBA performance*
- Who selects the bank if not prescribed by central policy
- Get Audit to test your processes

Whether Client or Contractor - Standardise your approach to PBAs as much as you can – its easier long term

Which project?

PBAs are suitable for a very wide range of projects

even for projects smaller than £1 million

Project value is not a good determining factor, more appropriate are:

Project and package duration

Ability to align payment cycles

Down to what level? (Tier 3 is CO's minimum requirement)

Suggested approach - assumption of inclusion unless agreed otherwise by the public body and the lead contractor.

Exclusion criteria may include;

- *short sub-contract package duration (say 4 months minimum on first projects)*
- *sub-contract payment cycles more frequent than main contract*
- *payment cycles which cannot be aligned with the head contract*
- *established/major suppliers that may not wish to participate*
- *Merchants etc. whose established practice is to include a number of projects in one invoice*

Which PBA model

- **joint client & contractor account**
- **sole contractor account**

Key requirements

- Two parties to Trust Deed
- Both client and contractor authorise payments

Selecting the Bank and PBA product

Are the minimum requirements set by Cabinet Office covered by the PBA product being considered.

Welsh Government have adopted these standards

Cabinet Office minimum requirements

- 1. The account needs to be linked to a Trust Deed** - the money is ring-fenced and can only operate with joint agreement of both parties
2. The Trust Deed or the PBA should not be altered by the banking service
- 3. Beneficiaries of the PBA must be joined by the Deed of Adherence** or Joining Deed
- 4. Dual agreement is required before payment is made**, i.e., the lead contractor / client can only act when both parties have agreed to the payment and one party can not alter the payment without the agreement of the other party

Cabinet Office minimum requirements

5. **The bank must be informed / acknowledge that Trust Deed exists** and that operation of the payments will be covered by this Deed
6. **Transactions must be available for the client to view** from the bank report no more than one day after payment
7. **Contractor to advise** when / how much supply chain have been paid
8. **Contractor / sub-contractors party to Trust Deed should be paid at the same time** and no later than the times advised in the Fair Payment Guidance published in Procurement Information Note 2/2010

Cabinet Office minimum requirements

- 9. Payments from the PBA should only be made to the contractor and other named supplier beneficiaries**
- 10. No cheque facility** is to be made available on the account
- 11. No overdraft facility** is to be available on the account
- 12. PBA bank to confirm that monies held in Trust** and that they cannot be used to offset any other contractor/supply chain liabilities
- 13. Obligation on Lead Contractor to inform the client / supply chain trustees of any changes to the PBA** with respect to alteration to any terms and payment authorisations

Banks providing PBA products

- Barclays Bank - peter.day@barclayscorporate.com, 0207 116 4210
- Lloyds / B of S - Kay.Sutton@Lloydsbanking.com 07879 604755
- RBS - mark.dale@rbs.com

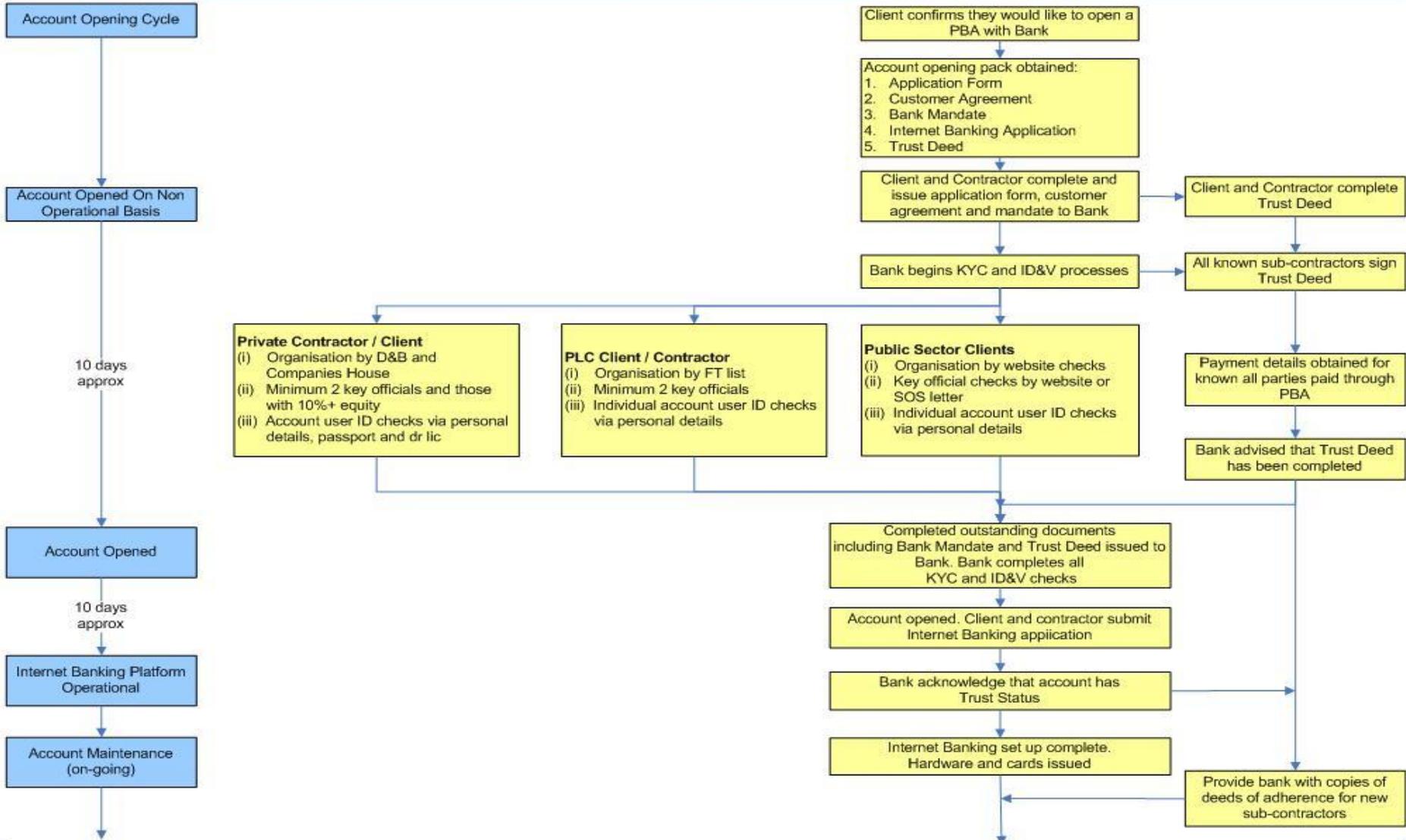
In theory you can use any bank as long as they meet the Cabinet Office 'Minimum Requirements'.

Beware, not many of the high street banks have set up PBA products yet. Therefore your own bank may not be the best choice for your initial project if they are not one of the 3 listed above.

Bank PBA products

- Most bank PBA products operate through their Internet Banking system
- Most allow import / export of data in a variety of formats:
 - Supply Chain data
 - MI from transaction log
- Set up time approx. 20 working days from submission of Application form, Mandate, IB application form and required ID
- Normally clients and contractor are actively involved in the selection of the bank and set up of the account.

Project Bank Accounts – Account Opening Process



Which contract?

PBA provisions available under

- NEC3 Z clause (new 2013 edition includes Y provisions)
- PPC 2000
- JCT
- SBCC – PBA/Scot

Which contract? How the Standard Forms deal with PBAs

NEC3 Z or Y provisions

- Standard drafting **assumes PBA contractors sole account***
- Client and Contractor authorise payments out of PBA
- Client and Contractor are both Trustees

JCT, SBCC (PBA/Scot) & PPC2000

- Standard drafting **assumes PBA a joint contractors and clients account***
- Client and Contractor authorise payments out of PBA
- Client and Contractor are both Trustees

*** Welsh Gov't Guidance to include suggested wording to change standard drafting from sole to joint account or vice versa as appropriate**

Which contract?

Other Contract Forms

Simple enabling provisions need to be introduced:

- that due payments are to be routed through the PBA;
- Details of how the PBA is to operate
- that payments into the PBA discharge a clients obligation for making payment (up to the amount paid in);

Which Trust Deed

- Cabinet Office have produced a guide Trust Deed and Joining Deed
- Welsh Gov't Guidance includes model Trust Deed based on above
- NEC 3 include one with their PBA clauses
- JCT similarly

It is recommended that you legal team review the above and decide which is most appropriate for your organisation.

The PBA Trust – what it does

Trust deed identifies:

- the trust property
- nominates trustees and beneficiaries
- stipulates purpose of trustee

Trust constituted when monies transferred to PBA.

The PBA Trust

Trustee(s) - Employer/Contractor/Supply Chain Firm
(Preference is for at least 2 trustees – problems in operation of PBA if a single trustee becomes insolvent).

Beneficiaries - Contractor & Supply Chain Firms

Joining deed completed if Beneficiaries appointed after Trust Deed set up

3 Essential requirements of a PBA Trust

1. Certainty of intention to create a trust

This is usually set out in the trust deed. ***It must be clear, at least, that the client intends that the money in the PBA (the certified sum) is held in trust for the benefit of the lead contractor and supply chain.*** Once monies are deposited in the PBA, trust law is applied to the arrangement.

2. Certainty of subject matter

It must be clear as to what asset the trust attaches – the money owed

The trust does not fix on the actual cash paid in by the Employer (in any event payment would be made electronically); technically it fixes on the debt owed by the Bank to the account holders

The requirement for certainty also extends to the share owed to each beneficiary.

3. Certainty of objects - 2 issues

1. the identities of the beneficiaries must be clearly stated?

2. the shares owed to each beneficiary must be clearly stated?

“A trust does not fail for want of certainty merely because its subject matter is at present uncertain if the terms of the trust are sufficient to identify its subject matter in the future”.

Briggs J. In Re Lehman Brothers International (Europe) [2010]

PBAs and Insolvency Law

- In liquidation (voluntary or compulsory) or administration unsecured creditors share rateably. Each receives a proportion of net proceeds of sale of business according to value of debt – the pari passu principle.
- Not possible to contract out of this principle.
- **Exception is where creditor has – prior to insolvency – placed charge over an asset or asset placed in trust.**
 - (Once the amount certified by the client has been lodged in the PBA it is no longer an asset of a tier 1 contractor and is out of reach of any appointed administrator)
- Trust Status only applies to money once held in the PBA

Sub Contract provisions to include PBA arrangements

The lead contractor should include in his sub-contracts the PBA arrangements:

- details of the PBA
- confirmation of trustees
- confirmation of status as beneficiary
- arrangements for facilitating payments through PBA
- alignment of the payment cycle with the head contract

The Procurement Process

Normally the use of a PBA would be included in the OJEU notice

Example wording for OJEU advert –

“A Project Bank Account will operate on this project / framework and is required to adhere to the minimum requirements detailed in the Welsh Fair Payment Policy. Payment for suppliers outside the Project Bank Account must comply with the Welsh Fair Payment Policy.”

Value Wales - Welsh Government
Project Bank Account Implementation & Guidance Note

Procurement issues

- Additional requirements to be included the contract data e.g.
 - *How PBAs will operate on the contract*
 - *How to deal with suppliers outside the PBA*
 - *Clients rules for who is included in the PBA*
 - *Management information and KPI's the client requires*
 - *Alignment of supply chain payment cycles*
 - *Form of Trust Deed to be used*
 - *Possibly – bank to be used*
- How to brief the tendering supply chain (don't assume they understand PBAs)
 - *Briefing pack in tender documents*
 - *At industry days*
 - *PBA section on your Web site*
 - *WG also working with supply chain Trade Associations and Umbrella bodies on this*

Post award

- Train the client/contractor project teams
- Possible Client side IT issues (GSI network and third party hardware)
- Monitor payment performance via management information & KPI's
- Capture lessons learnt and feed them into future schemes

Contractor Actions

Tier 1 (main) contractors to:

- Set up PBA (solely or with client)
- Incorporate PBA provisions in their sub-contracts
- Enter into Trust Deed
- Arrange for supply chain paid through PBA to sign Trust Deed/Deed of Adherence
- Put supply chain on Assessment Cycles which align with the head contract
- Advise supply chain when and how much they are to be paid
- Provide details of all payment transactions (MI) to client

What do PBAs cost to operate?

Typical bank charges

- Initial charges for electronic banking equipment
- Monthly charge for internet/electronic banking (circa £20)
- Charges for each BACS (£0.35) and/or CHAP (£15) payment
- Charges reduced if contractor and/or client already is a corporate customer
- Cost of operating second and subsequent PBA is lower than first PBA
- Current interest paid is ~ 1%, pre-recession rates were ~5%
- Client and contractor have to agree prior to setting up PBA who pays charges and who retains any interest earned

Costs of operating PBAs - Summary

Project Value	First PBA with Barclays	Corporate customer
£1 million	£352	-£7
£2 million	£431	-£1
£5 million	£454	£12
£10 million	£453	-£99
£15 million	£529	-£143
£20 million	£462	-£210
£30 million	£467	-£325
£40 million	£372	-£460
£50 million	£364	-£458

Negative numbers indicate a saving.

PBAs: Perception and Reality

	Perception	Reality
1	Complicated and time consuming to set up	No different to a conventional bank account
2	Expensive, only viable on large schemes	Costs modest < £1000
3	Affect Tier 1 declared turnover and shareholder value	UK GAAP FRS 5 Application note G Para G60 to 72 confirms no change
4	Cuts across contractual provisions governing valuation & certification of interim payments	No change – PBA payment by client is that contractually due to tier 1.
5	Undermines lead contractor's responsibility for managing the supply chain so that work is performed in accordance with the contract	No change to tier 1-3 contractors contractual and statutory responsibilities

PBAs: Perception and Reality *cont.*

	Perception	Reality
6	Difficult for tier 2/3 to implement	Welcomed by the Specialist Engineering Contractors Group (SEC) and National Specialist Contractors Council (NSCC)
7	Creates CIS payment problems	HMRC confirmed no change – responsibility rests with contracted party
8	Creates VAT payment problems	HMRC confirmed no VAT payment problems
9	Practicality of operating PBA through supply chain	If contracted on compatible terms then can be paid through PBA. Role out progressively down Supply Chain
10	Complications with 'Pay less notices'	No problems other than time to raise them will be shorter

PBAs: Perception and Reality *cont.*

	Perception	Reality
11	Termination issues	Supply Chain has to be removed from Trust deed
12	It is difficult to demonstrate the financial benefits / savings	Agreed but see CO Benefits Methodology
13	Impact on Factored debts	PBAs should reduce need and incidence of FD
14	How is PBA dealt with on Balance Sheet	Not netted off – full value shown in debtors and creditors
15	Impact on fixed and floating charges	Can't include ring fenced PBA money in calculations relating to bank fixed or floating charges

PBAs: Perception and Reality *cont.*

	Perception	Reality
16	Client has to physically authorise payment directly on banking system to exercise control	Client (acting in capacity of Trustee) only authorising the release of monies not the quantum.
17	Client has to be a trustee to ensure protection/continuity in the event of tier 1 liquidation	All the standard forms with PBA supplements have the Client as a Trustee
18	PBA costs will go up as banks get involved with SC issues	PBAs just payment conduit, banks not interfacing with Supply Chain

Available reference documents

- Guide to best 'Fair Payment' practices (2007)
- Information note 2/2010: Making fair payment in construction a requirement in central government contracts (2010)
- Government construction strategy (May 2011)
- A guide to the implementation of Project Bank Accounts in construction for government clients (May 2012)
- Delivering Value, Fair Payment and Health, Safety and Occupational Health – Standards & Lean Task Group report (2012)
- Value Wales - PBA Procurement Advice Note and Guidance document (2014)

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Refreshment break



Project Bank Account

City and County of Swansea
Dinas a Sir Abertawe



Why Pilot PBA's in Swansea?

In Public Sector we tend to carry out a review of the options before making a decision:

- **Option 1** - Risk Averse option. If it might go wrong...don't do it.
- **Option 2** - Carry out a full options appraisal which takes so long everyone forgets about the original idea and moves onto something else.
- **Option 3** - Let someone else do it so they make the mistakes first.
- **Option 4** - Mandate it...Its bound to work.
- **Option 5** - Try it and call it "a pilot" so if it fails you have an excuse.



PBAs and Swansea

- True reasons
 - Fitted with the Construction Procurement Strategy and No turning back report in terms of best practice relating to payments.
 - Public Sector clients should lead by example and consider wider social obligations as part of its community benefits approach.
 - Likely that Welsh Government were going to mandate it so better make it fit for purpose.
 - Attended a similar presentation as today and genuinely thought it was worth giving it a try.
 - No one else seemed to have come up with a better idea.
 - Critical SME engagement and why as the client were not doing anything about improving payment practices.

Insanity: doing the same thing over and over again and expecting different results. Albert Einstein



Lessons learnt

- Looked for volunteers to pilot as no contractual requirement. Some work required to explain the process to contractor. £7m Burlais School selected.
- Surprising effort to convince the Council that it was worth doing as “Wasn't a problem for Swansea as we believed we paid all invoices within 30 days”
- Once a decision was made it took longer to get going than was hoped.
- New to everyone so great deal of facilitating and education of the process and good communication and co-operation between all parties involved is essential.



Lessons Learnt (cont)

- Introduce incrementally whilst developing understanding down supply chain.
- Bank support, guidance and proactivity very important and get early involvement so they are prepared internally.
- No ongoing resource issue for the client in managing process.
- Still early in process and yet to get to 3rd tier suppliers but early signs encouraging.
- No reason why we wouldn't roll out on all future major projects. Further pilots...
- Its not me that needs to be convinced it is a good idea!



Burlais Primary School

Project Bank Account (PBA)



- **£7.25 million Primary School Scheme**
- **525 pupils with additional space for 75 Nursery / Reception pupils**
- **NEC option A project with Z clause using Standard drafting of PBA sole account**
- **Sole Account with Dual Authority including Trust Deeds and Joining Deeds**
- **Bank providing PBA for project was Lloyds Bank**

- **Reluctance existed within management at outset due to unknown – never used previously – was this an auditing tool to assess value for money**
- **Concern if current costing system could accommodate**
- **Concern surrounding level of training and impletion**
- **Business Case presented by Managing Quantity Surveyor**

- **Positives identified as accuracy of cash flow for both Dawnus & Subcontractors**
- **Opportunity to set ourselves apart from competitors for future quality submissions**
- **Project bank accounts are to be made mandatory on Welsh government schemes**

Timeline of PBA implementation

- **17th December 2013 – Dawnus attended PBA pilot brief**
- **28th April 2014 – Dawnus start onsite at Burlais Primary School**
- **1st May 2014 – First meeting to discuss PBA and create subcontract list**
 - Introduction of Forms for the PBA
 - Analysis of potential Subcontractors to pilot the PBA
 - Question and Answers
- **12th May 2014 – Dawnus received positive feedback from Solicitor to progress with PBA and Wording of trust deeds**

Timeline of PBA Implementation

- **12th September 2014 – First meeting to discuss progress**
 - Update on project bank account set up
 - Details on proposed sub contractor sign up – those signed up, those proposed to sign up
 - Sub contractor briefing note
 - KPI's

- **13th October 2014 – Confirmation of Project Bank Account successfully setup**

- **5th November 2014 – Second meeting to discuss progress**
 - Update on Subcontractors & Payments ready to be made
 - Update on KPI's

- **21st November 2014 – First Payment received into the project bank account**

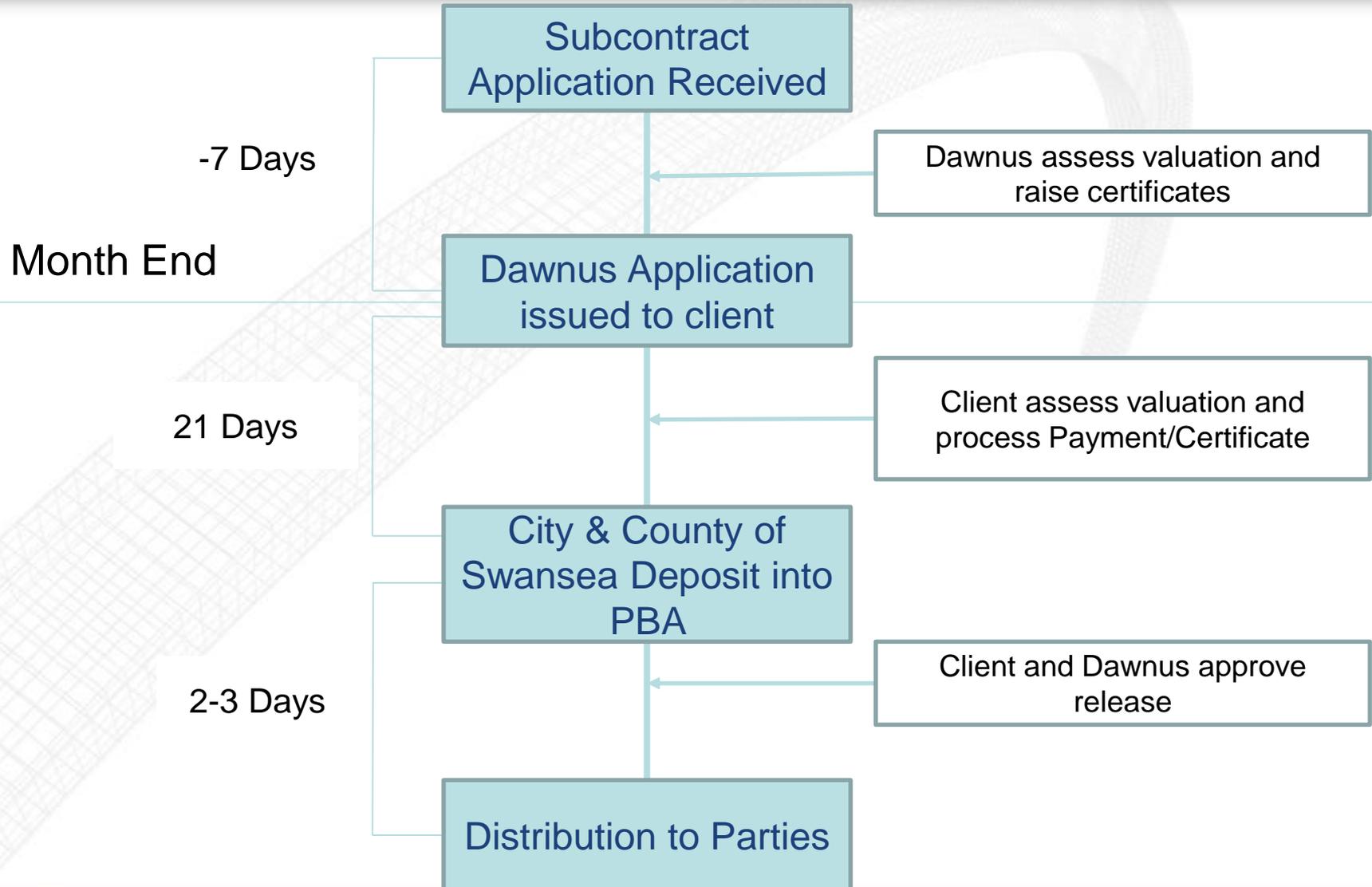
- **Complicated and time consuming**
 - No different to normal account
 - Time consuming as this was the first PBA undertaken by Dawnus with Lloyds Bank, hampered by Name change

- **Expensive**
 - Minimal charges from Bank account and £150 of hardware costs
 - However increase Training/Staff/Software still to be identified

- **Undermines Main contractor managing the supply chain**
 - No change noticed in supply chain management PBA used as a payment tool only

- **Difficult to implement for Tier 2/3**
 - Still in discussions with Subcontractors difficult to enter as 3rd party to a contract

Application Process



Payment Process

Monthly
Valuation

Certification
of Valuation
& Payment

21 Days

Dawnus Sole
Account

4 Days

Riverside

Richard
Kemble
Contract
Externals

Richard
Kemble
Contract
Internals

Gwendraeth
Valley
Tarmacadam

**Dawnus
Construction**

QDL
Contractors

WW
Builders
Limited

Coverstructures
Limited

Vision 2000

Tier 3
Subcontractor

- **Duration of subcontract package**
 - Riverside – 8 Months
 - Richard Kemble Contract (Internals) – 8 Months
 - Coverstructures Limited – 5 Months
 - WW Builders Limited – 5 Months
 - Vision 2000 Limited - 5 Months
 - Richard Kemble Contract (externals) - 4 Months
 - Gwendraeth Valley Tarmacadam – 3 Months
 - QDL Contractors Limited – 3 Months

- **Placed selected subcontractors on NEC subcontract so Contract Conditions aligned**

- **Good Working Relationship**

- **Project specific orders in place not multiple order contracts**

- **Included PBA information and details in initial enquiry documentation**
- **Discussed the PBA in pre-let meetings**
- **Attained agreement from Subcontractors**
- **Incorporated in subcontract orders**
- **Signing of trust deed / deed of adherence**

Riverside Industrial Equipment Limited - > £1million

- **1. Did your company have any previous knowledge of the PBA Pilot ?**
 - No knowledge whatsoever before our pre-award meeting

- **2. Through the Burlais Primary School project are you now more aware of Project bank accounts**
 - Definitely more aware through yourselves and our own research.

- **3. Have you noticed any positive/negative payment issues since using the PBA**
 - Positive issue is that payments are more timely

- **4. Do you feel you have benefited from the PBA**
 - We have benefited from knowing when payments will hit our account in that cash flows are monitored far easier.

Richard Kemble Contracts Limited - £250K - £500K

- **1. Did your company have any previous knowledge of the PBA Pilot ?**
 - No knowledge

- **2. Through the Burlais Primary School project are you now more aware of Project bank accounts**
 - No

- **3. Have you noticed any positive/negative payment issues since using the PBA**
 - None

- **4. Do you feel you have benefited from the PBA**
 - No

Coverstructures Limited - < £250K

- **1. Did your company have any previous knowledge of the PBA Pilot ?**
 - No

- **2. Through the Burlais Primary School project are you now more aware of Project bank accounts**
 - Yes

- **3. Have you noticed any positive/negative payment issues since using the PBA**
 - Very Positive

- **4. Do you feel you have benefited from the PBA**
 - Yes

www.dawnus.co.uk



The role of a PBA bank

Gaynor Mayers, Implementation Manager, Barclays



Barclays Project Bank Account credentials

- The Barclays Project Bank Account has been vetted by the Cabinet Office and has been accepted as fulfilling the objectives of the OGC Guide to Fair Payments
- To improve payment process on projects, Barclays has worked with international property and construction consultants Rider Levett Bucknall to develop the 'Barclays Project Bank Account'
- In April 2008, Barclays Project Bank Account was officially launched at the House of Commons and received backing by the SEC Group and Government departments
- Barclays has since continued to work with RLB, Government agencies and corporate clients, providing guidance, support and banking services for projects using Project Bank Accounts

How your Project Bank Account is set up

We realise that the ability to open accounts quickly is important. We have developed an efficient Due Diligence process to aid the set up of Project Bank Accounts.

Once the client and the contractor have decided to pursue the use of a Project Bank Account, the diagram below highlights how to set one up.



Once all relevant information has been received, we will proceed with opening your new PBA within 10 working days and arrange training for the Barclays electronic banking platform.

Account opening

Private Contractor/Client

- Signed company structure chart
- Personal detail form to be completed by beneficial owners 10% or greater
- Personal detail form and ID to be completed by two 'C Suite' officials

PLC Client/Contractor

- Signed company structure chart
- Confirmation of recognised stock exchange listing

UK Government Department/Body

- Confirm organisation by website
- Identify 'C Suite' or equivalent roles

Barclays.Net

Transactions on your PBA can be undertaken on our electronic banking system, Barclays.Net. This real-time cash management service gives you freedom and flexibility by providing access to your PBA any time, wherever you are.

- Simple management of your UK and global accounts
- View balance and transaction information, and make payments from accounts held with Barclays globally and with other financial institutions
- Streamline payment processing, creating and approving multiple payments from one screen, including file import and payment templates
- Customise reports and data exports, save them as templates and schedule their delivery
- Define your own payment controls, accommodating complex signing mandates and limits per user
- Tailor to your individual organisation and users
- Customise the service to meet the needs of your organisation and individual users, including screen layouts
- Control user access through tailored roles
- Restrict payees by only allowing payments to registered beneficiaries
- Award-winning customer support team
- Access to a dedicated helpline, online tutorials and step-by-step guides
- Cutting-edge security with a 128-bit data encryption and Public Key Infrastructure (PKI)

Typical PBA payment cycle

It is expected that most payments from the account will be by way of UK 3 day payments, although CHAPS payments and Faster Payments can be used where required.

Day 1

Cleared funds received from the client in accordance with the terms of the project contract

Day 2

Contractor processes BACS payments. Released under the dual authority of the client and the contractor

Day 4

Cleared funds received by the supply chain

Barclays.Net Demo



Gaynor Mayers

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Q&A Panel Session

Facilitated by

Martin Nicholls



Summing Up

Martin Nicholls

