

# Fair Payment Charter

Fair and transparent payment practices are an essential underpinning to achieve successful integrated working on construction projects. This Charter applies to parties to construction contracts with the aim of helping to create a more collaborative culture, and ensure a strong, resilient and sustainable supply chain.

This Charter builds on and complements existing legislation and policy, namely the Housing Grants, Construction and Regeneration Act 1996 (as amended); the Late Payments of Commercial Debts Regulations 2013; the Fair Payment Charter; Cabinet Office Procurement Information Note 2/2010; and the Prompt Payment Code. In working with each other in good faith and in a spirit of mutual trust and respect, we agree that we will meet the 'Fair Payment' commitments set out below:

- Companies have the right to receive correct full payment as and when due. Deliberate late payment or unjustifiable withholding of payment is ethically not acceptable.
- 'Fair Payment' will apply equally between the client and lead contractor and throughout the supply chain.
- The process will be transparent in order that members of the supply chain have certainty of how much and when they will be paid.
- Companies will consider, where appropriate, operating relevant contracts on an open book basis.
- We will endeavour to use Project Bank Accounts where agreed with Contracting Authorities on Projects over £5m unless there are compelling reasons not to do so including identifying key supply chain members.
- The correct payment will represent the work properly carried out, or products supplied, in accordance with the contract.
- Any client arrangements for retention will be replicated on the same contract terms throughout the supply chain. Any withholding of payment due to defects or non-delivery will be proportionate and demonstrably justified in line with arrangements made at the time of contract.
- To ensure effective and equitable cashflow for all those involved, all contracts will provide for regular payments and have payment periods not exceeding 30 days.
- We will endeavour to issue any "pay less" notices at the earliest opportunity and no later than 7 days prior to the final date for payment.
- We will have prescribed change control processes in place to enable the effects of contract variations to be agreed promptly and fairly and payments for such variations to be included in the payment immediately following the completion of the varied works.
- In order to avoid payment delays, the client and all supply chain members will agree payment procedures at the outset of their contracts. Payments will be through electronic BACS transfer and will apply throughout the supply chain.
- Monitoring and auditing and problem resolution procedures will be agreed between the parties.
- We agree that this Charter is not intended to be a legally binding document and not used in construing any contractual commitment.

## Signed:

**Balfour Beatty**

*RJ Boddy*



*M. Scherberg*

**MORGAN  
SINDALL**  
CONSTRUCTION  
INFRASTRUCTURE

*[Signature]*

**bam**

*[Signature]*

**KIER**

*[Signature]*

**wates**  
construction

*[Signature]*



*[Signature]*

**mace**

*[Signature]*

**GallifordTry**

*[Signature]*

**midas**

*Martin Bailey*

**WILLMOTT DIXON**

*[Signature]*