



Llywodraeth Cymru
Welsh Government

PUBLICATION

Welsh procurement policy note WPPN 04/21: Guidelines for deploying Welsh Government project bank account policy

Version 2.4 - this version updates the Procurement Advice Note Guidelines for deploying Welsh Government project bank policy v2.3.1 May 2022 and should be read in conjunction with WPPN 03/21 Project Bank Account Policy v2 May 2021.

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Well-being of Future Generations Act's well-being goals supported by this WPPN



- A prosperous Wales
- A healthier Wales
- A more equal Wales

Points to note

- The information set out in this document is not legal advice and is not intended to be exhaustive – contracting parties should seek their own independent advice as appropriate. Please also note that the law is subject

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to constant change and advice should be sought in individual cases. This document reflects the position as of March 2023.

- This Welsh Procurement Policy Note (WPPN) is consistent with the Public Contracts Regulations 2015 the provisions of which remain unaffected by the UK Statutory Instrument (SI) no: 1319 The Public Procurement (Amendment etc.) (EU Exit) Regulations 2020, effective from 1 January. The SI only corrects deficiencies arising from the UK's exit from the EU and implements the relevant aspects of the UK/EU Withdrawal Agreement.
- This Wales Procurement Policy Note (WPPN) is drafted primarily for public sector officials in procurement, commercial and finance roles and therefore assumes a certain level of knowledge of public procurement.
- This WPPN is available via the Welsh Government website Gov.Wales and any queries should be directed to CommercialPolicy@gov.wales or via the Welsh Government's customer services first point of contact at [Contact the Welsh Government](#).

1. Purpose or issue

1. This guidance document supersedes the Procurement Advice Note, 'Guidelines for deploying Welsh Government Project Bank Accounts Policy v2.2 May 2021' and is intended to support the implementation of Welsh Government's Project Bank Accounts policy.

2. Dissemination and scope

1. This WPPN is directly applicable to:

1.1 All Welsh Government construction and infrastructure contracts and any other 'appropriate contracts' valued at £2 million or more (see section 3.5.2)

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which are delivered directly on behalf of Welsh Government Departments that require a PBA be applied as a condition of funding unless there are compelling reasons not to do so. Where such compelling reasons are identified a decision report detailing those reasons must be completed and filed to allow for audit.

1.2 Construction and infrastructure projects and any other appropriate contracts valued at £2 million or more (see section 3.5.2) which are fully, part or Grant funded by Welsh Government that require a PBA be applied unless there are compelling reasons not to do so.

2. This WPPN is also recommended to all Welsh public sector bodies (hereafter referred to as Welsh Public Sector (WPS) in this document) as fair payment good practice and should be read in conjunction WPPN 03/21 (WPPN 03/21 Project Bank Accounts Policy) and be circulated (for information) within your organisation, particularly drawing it to the attention of those with a commissioning, procurement planning or contract management role or those involved in the delivery of construction and infrastructure projects 'appropriate contracts' valued at £2m or more (see section 3.5.2).

3. Guidance

1. What is a project bank account?

PBAs are 'ring-fenced bank accounts' with trust status that are designed to ensure secure and prompt payment for sub-contractors. By ensuring sub-contractors are paid at the same time as the main contractor (for the purposes of this document the term main contractor will be used which is synonymous with lead or prime or principal contractor terminology that may be used by WPS), PBAs reduce cash flow risk in the supply chain and are therefore most beneficial where contracts or projects rely on sub-contractors.

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2. What are the key features of project bank accounts?

- PBAs are simply a mechanism for making payments.
- PBAs are simple and cost effective to set up and operate for all parties.
- PBAs provides protection for the money held in a PBA in the event of insolvency of the main contractor.
- PBAs provide visibility over the timing and value of payments to the supply chain
- PBAs can be audited easily by the WPS.
- PBAs support collaborative working and allows suppliers to focus on delivery.
- PBAs do not involve WPS prefunding. Money is only deposited in the account when payment is due.
- PBAs do not affect contractual provisions governing the preparation and submission of interim applications or the valuation, authorisation or certification of interim payments.
- PBAs do not take away the main contractor's responsibility for managing and selecting the supply chain to ensure the work is performed in accordance with the contract.
- PBAs do not affect statutory obligations of WPS, contractors or sub-contractors for VAT, taxation, accounting, liabilities, pay less notices, etc.
- PBAs do not add any more than a minimal cost for bank charges to the project.
- Interest accrued where PBAs are set up as interest bearing accounts can, subject to the agreement of the account Trustees (WPS and/or main contractor) go to the main contractor.

3. Benefits of project bank accounts: summary

The key benefits of project bank accounts are that:

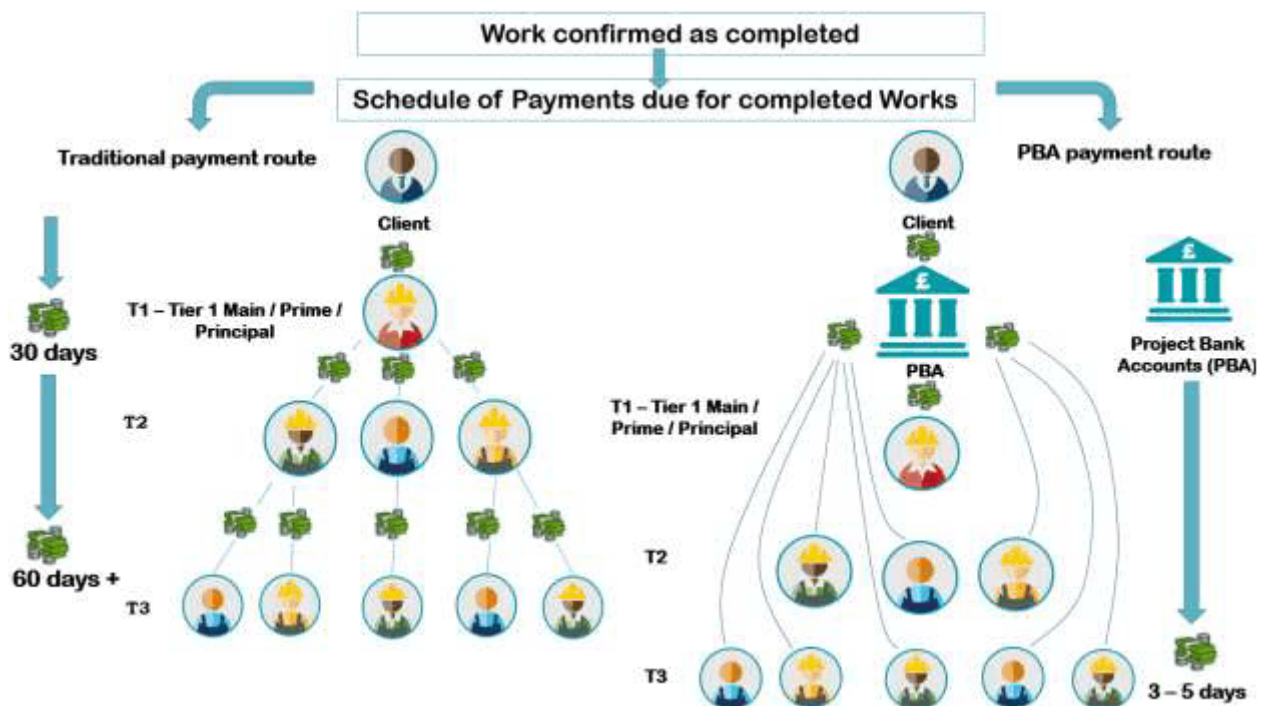
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- Payments are accelerated through the supply chain.
- Supply chain spend and payment flows are transparent.
- Payment terms through the supply chain are determined by the WPS rather than contractors further down the supply chain.
- Risks and costs linked to payment delays are mitigated through faster payment.
- Risk of supply chain failure is reduced because of improved cash flow.
- Supply chain beneficiaries can achieve cost benefits resulting from quicker and more certain payments.
- A PBA provides a mechanism to measure payment timescales down the supply chain.
- All monies paid into the account are secure.

4. How do project bank accounts work?



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4.1 The parties involved

- Trustees: depending on the type of account these will be the WPS and/or the main contractor who have responsibility for managing the PBA for the benefit of the named supplier 'beneficiaries' who opt to be paid through the account.
- Beneficiaries: the main contractor and any participating sub-contractors who receive monies paid out of the PBA. Any supplier involved in the delivery of the project can be a beneficiary, regardless of what tier they are in.

When applying to set up a PBA as a joint account both the WPS and the main contractor sign a trust deed to establish themselves as joint trustees and apply to open the account in both names.

When applying to set up a PBA as a sole account the main contractor applies to open the account and signs a trust deed to establish itself as the sole trustee.

Participating sub-contractors can either join the PBA at the very start of the project or at a later date. To join, the sub-contractor signs a joining deed (joining deeds may also be referred to as deeds of adherence but for the purposes of this guidance the term joining deed has been used), which is then countersigned by the trustee(s).

Examples of these documents can be found at Annexes 4 to 7.

4.2 The payment process

The standard processes for assessing the quality and value of work completed and then authorising whether payment can be made, takes place as per the established payment cycle. Payments are still subject to correct invoices being submitted by sub-contractors and main contractor as per the agreed schedule of payments due. The WPS deposits the total amount of monies due into the

project bank account.

4.3 Administering the account

The amount paid into the PBA is then matched to the amounts due to each beneficiary (main and sub-contractors) and the bank is instructed to pay accordingly with beneficiaries receiving the amounts due into their bank accounts within 3-5 working days (these are typical timescales that banks work to).

To facilitate this, contractors need to align their supply chain payment cycles and associated invoicing from sub-contractors with the PBA payment cycle agreed with the WPS.

4.4 Account options: joint and single/sole accounts

These simply refer to the type of account which determines who will open and administer the account, and 'trigger' payments i.e., instruct the bank to pay on the due date to the beneficiaries.

Regardless of which type of account is selected, the WPS should:

- ensure the account is compliant with the minimum requirements (see Annex 1)
- be content with the bank selected and monitor the account to ensure payments made match the sums agreed in the payment schedule.

4.5 Joint account/joint authority account

This is an account opened in both the WPS and main contractor's names for a specific project for which a contract is in place and which is backed by a trust

deed signed by and both parties. As a joint account both parties will have access to log into and administer the account.

Instructing the bank to pay can be done by either party depending on how it is agreed the account will be administered. A WPS may wish to have the ability to log in to the online account but in practice let the contractor instruct the bank to pay on the due date.

4.6 Single or sole account

This is an account opened by the main contractor for a specific project for which a contract is in place and which is backed by a trust deed signed by the main contractor only to establish them as the sole trustee. The account is administered by the main contractor as a trustee for the benefit of the named beneficiaries (sub-contractors/suppliers who have agreed to be paid via the PBA by signing a joining deed see 3.4.1 above) where the main contractor is solely responsible for instructing the bank to make payments as per the agreed schedule of payments on the due date, 'triggering payment'.

Under a single/sole account the WPS must still maintain oversight of how the PBA is being operated. The main contractor should be required under the contract to supply the WPS with copies of PBA statements or arrange 'read only' access to the online bank account where possible to allow the WPS to check payments match the agreed schedule of payments.

4.7 Choosing between joint or single authority accounts

Whilst both approaches offer the same level of security and 'trigger' payments in line with agreed payment schedules to the supply chain, the choice of joint or single authority account comes down to whether the WPS feels the need, or is required by their own operating procedures, to retain the option to 'trigger' the

payment / instruct the bank to pay the monies due to the sub-contractor/supplier accounts named in the PBA.

It should however be noted that the joint authority approach, especially where the WPS wishes to be the party to instruct the bank to make payment on the due date, is to a large extent a duplication of the work already undertaken in the drawing up of the payment schedule that details the sums agreed for satisfactorily completed works or supplies.

Furthermore, taking the joint authority approach brings the WPS into the scope of the 'Know Your Customer' (KYC) due diligence checks Banks are required to undertake for new account holders. While the KYC checks on the WPS may be light touch this does introduce an additional element and potentially additional time to the account opening process.

If the preference for the joint authority approach is driven by the perception that a sole account gives the contractor the same control as a traditional contractor managed approach, this is not the case. Under a sole/single authority PBA arrangement the contractor is bound to act as the sole trustee and administer the account only for the benefit of the beneficiaries i.e., the contractor and subcontractors/suppliers as named in the relevant trust deed and joining deeds (Annex 4 and 5).

An additional recommended safeguard against any potential for a main contractor not fulfilling their responsibilities under sole account arrangement is to require them to inform their sub-contractors that they are working on a publicly funded project and that they can alert the WPS if they are not paid an agreed invoice in full. This would require the WPS to specify a contact point e.g., mailbox or phone number.

5. Implementation of project bank accounts

5.1 Overview

PBAs are designed to reduce cash flow risk in the supply chain and are therefore most beneficial where contracts or projects rely on sub-contractors. To ensure PBAs are both effective and efficient the following are guidelines for applying PBAs.

5.2 Identifying 'appropriate' projects/contracts for PBAs

Appropriate projects are those:

- a. over 6 months duration, and
- b. valued at £2 million or more net*, and
- c. rely on sub-contractors (see 3.5.3 for exceptions)

***Net value**

The £2 million threshold should be the net value excluding VAT, insurance and other costs/overheads that do not affect the supply chain. WPS may therefore exclude preliminary / design stage costs when assessing whether a project/contract meets the £2 million threshold.

HMRC have confirmed the PBAs do not conflict in anyway with Construction Industry Scheme (CIS) deductions or VAT requirements.

Why the focus on 'net value'?

The primary purpose of a PBA is to safeguard sub-contractors who may be exposed to cash flow risk, hence the focus on the value of the construction element of projects as this is where the main risk to sub-contractors arises.

5.3 Exceptions to the criteria for appropriate projects

Projects/contracts meeting the requirements at 3.2.1 (over 6 months duration and over £2 million net) are exempt, subject to WPS approval:

- a. Where the successful bidder (main contractor) gives a firm undertaking to 'self-deliver' 75% or more of the contract value.
- b. Where the main contractor gives a firm undertaking that 75% of the contract value will be managed by a combination of main contractor 'self-delivery' and use of subcontractors from within the parent company to which the main contractor also belongs.

5.4 'Maximising' supply chain coverage?

As the purpose of a PBA is to safeguard sub-contractors who may be exposed to cash flow risk, the extent to which the contract will be delivered by sub-contractors should be considered.

To maximise the benefits of operating a PBA as a minimum WPS should take the following actions.

As per PBA policy in all cases where a PBA is applied, tier 2 or lower tier suppliers should be engaged as follows:

- a. Tier 2 or lower tier suppliers who account for at least 1% of the net contract

award value must be invited to join the PBA.

- b. Tier 2 or lower tier suppliers who account for less than 1% of the net contract award value, should be allowed to request to join the PBA. Acceptance of such requests should be made conditional upon the agreement of both the WPS and main contractor.
- c. Where the above requirements do not do so, WPS should aim to include 80% of the sub-contractors or suppliers as beneficiaries of the PBA (measured by the number of sub-contractors/suppliers supporting the project/contract rather than the value (£)).

5.5 Exceptions to sub-contractor/supplier participation

As sub-contractors/suppliers cannot be compelled to join a PBA, should they choose to opt-out they should be asked to complete the opt-out form (Annex 10). WPS are responsible for ensuring that sub-contractors/suppliers confirm and document the reasons for opting out. This will provide an audit trail should businesses opting out subsequently encounter payment/cash-flow issues and allow WPS to check that contractors/suppliers opting out are clear about how PBAs operate and the potential benefits to them and to ensure that they have not been put under any pressure to opt out by any third party.

5.6 Examples of why sub-contractors/suppliers may opt out

- Were they are paid more frequently than monthly.
- Were they consider their cash flow risk exposure to be low / are not overly reliant upon the cash flow from the contract i.e. suppliers who do not have significant capital or labour costs tied into the contract.

5.7 Payment of sub-contractors/suppliers outside out of the PBA

WPS should ensure that a mechanism is in place to pay suppliers outside of a PBA promptly by requiring maximum 30-day payment terms for valid invoices to be mirrored down the supply chain for the project/contract. This will ensure that sub-contracts comply with the Late Payment of Commercial Debts (Interest) Act 1998 (as amended by the Late Payment of Commercial Debt Regulations 2002 (SI 1674) and the Late Payment of Commercial Debt Regulations 2013).

It is also recommended that WPS include a contract clause that requires main contractors/suppliers to notify sub-contractors who are outside a PBA arrangement that their sub-contract forms part of a larger contract for the benefit of the WPS and that should the subcontractor have any difficulty in securing the timely payment of an invoice (within 30 days of submission of a valid invoice), that that matter may be referred by the sub-contractor to the WPS. To support this measure, the WPS should provide a contact point for such complaints – e.g. a mailbox or phone number.

Checklist: Monitoring PBA implementation and performance

1. Confirm with the bank that the PBA account meets the minimum requirements

See Annex 1 points (those relevant to the bank).

2. 'Maximise' supply chain coverage

- Sub-contractors/suppliers who account for 1% or more of the net contract award value must be invited to join the PBA.
- Sub-contractors/suppliers who account for less than 1% of the net contract award value, should be allowed to request to join the PBA.

- Where the above requirements do not do so, WPS should aim to include 80% of the sub-contractors or suppliers in PBA i.e., measured by the number of sub-contractors/suppliers supporting the project/contract rather than the value (£) of the project going through them.

3. Check and record reasons why any sub-contractor/supplier opt outs

- Sub-contractors/suppliers who may opt out for example because:
 - they are paid more frequently than monthly / the PBA payment timing
 - they consider their cash flow risk exposure to be low / are not overly reliant upon the cash flow from the contract i.e., suppliers who do not have significant capital or labour costs tied into the contract.
- WPS should confirm with sub-contractors/suppliers why they have opted out, ensuring they have:
 - Understood how PBAs operate and the potential benefits to them
 - Not been put under any pressure to opt out by any third party.

4. Payment of sub-contractors/suppliers who opt out of the PBA

WPS should include a contract clause that requires main contractors/suppliers to require the main contractor and sub-contractors to:

- Confirm they will pay their suppliers and sub-contractors within agreed timescales, which will not exceed 30 days.
- Notify sub-contractors and sub-subcontractors who are outside a PBA arrangement that their sub-contract forms part of a larger contract for the benefit of the WPS and that should the subcontractor have any difficulty in securing the timely payment of an invoice (within 30 days of submission of a valid invoice), that that matter may be referred by the sub-contractor to the WPS. To support this measure, the WPS should provide a contact point for such complaints – a mailbox or phone number.

Key Performance Indicators (KPIs) to monitor the above?

% By number of sub-contractors/suppliers who support the project paid through the PBA (minimum 80%)

5.8 Building PBAs into the procurement planning process: Pre-procurement actions

It is essential to consider PBAs as part of your procurement strategy. The following are the key steps that you should follow:

- Determine whether a PBA is required or appropriate on this project:
 - See section 3.5.2 Identifying 'appropriate' projects/contracts for PBAs above and
 - Refer to the Project Bank Accounts Policy WPPN 03/21 on Gov.Wales for full details of the policy)
- Identify the processes required to meet your internal governance requirements:
 - Who will approve the PBA documentation and how? For example, for Joint Accounts who will sign forms required by the bank to open a PBA account.
 - Who will agree payments due to the main contractor and each of their named suppliers and how?
 - Who will be responsible for paying money into the PBA and for Joint Accounts only who will have authority to access the on-line banking system, administer it i.e., instruct the bank to make payment on the due date.?
 - Who will agree why certain supply chain members may not be paid directly from the PBA and the criteria this will be based upon?
- Ensure PBAs are well communicated with internal stakeholders:
 - Develop presentation slides and information sheets.

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- Assess the readiness of your organisation. Areas to consider include:
 - Changes to standard procurement and contract documents to reference PBAs, e.g. checklists, terms and conditions.
 - Training requirements.
 - Setting up the account, who will manage this process; which bank will be used, the WPS or the main contractors?
 - Operating the account and setting typical interim payment cycles.
- Ensure PBAs are well communicated to potential bidders:
 - Prepare a briefing pack for the lead contractor and extended supply chain for use in the procurement process.
 - Include information in any relevant procurement about PBAs and how you will operate them.

5.9 Procurement process actions

The following activities should be built into your procurement exercise (Annex 2):

5.9.1 Communicating your intention

Communicating your intention to manage supply chain payment terms within the contract notice, by stating that:

See Annex 3 for Template wording for a contract notice.

5.9.2 Brief tenderers on the benefits using PBAs

It is important that the WPS (public sector contracting authority) ensure the benefits of PBAs are understood and prospective tenderers understand that they should communicate these benefits down the supply chain to maximise sub-contractor sign up to the PBA.

To support this, you should prepare a briefing pack and information sheet for tenderers outlining both the benefits and requirements of using a PBA (see 3.3 Benefits of project bank accounts and Annexes 4 to 7 for example documentation).

Where possible you should include information on your website explaining PBAs, how they operate and why they are being used. Suggested content could include:

5.9.3 Tender documentation

At the tender stage include clauses in your ITT documents referencing the use of PBAs and include specific requirements on how the PBA will operate (Annex 8).

a) Repeat the contract notice wording (Annex 3)

b) Open procedure

If you are using the open procedure, you should ensure that PBAs are appropriately referenced in the contract specification and that the initial minimum requirement questions at the start of the tender includes the following question as a 'Yes / No' Pass / Fail.

c) Restricted procedure: Pre-qualification questionnaire (PQQ)

If you are using the restricted procedure, you should ensure that PBAs are appropriately referenced in the contract specification and at the pre-qualification questionnaire (PQQ) supplier selection stage include the following question as a 'Yes / No' Pass / Fail.

Use the following question at the supplier selection stage in your PQQ (this question is part of the SPD question set) to determine if potential main contractors are willing to use PBAs as a mechanism to ensure fair and prompt payment in line with Welsh Government policy. You should make this a pass/fail issue, i.e., answering 'no' will exclude the prospective tenderer from the process.

Question text: If you are a main contractor, the buyer may require, under the contract, that you use a Project Bank Account as the primary method of payment to some or all your sub-contractors. Are you willing to comply with this requirement?

Answer: Yes / No

Supplier guidance: The buyer will only select you to tender if you agree to the use of Project Bank Accounts as the sole method of payment to sub-contractors during the stipulated contractual period. For more information on Project Bank Accounts, please see Gov.Wales

d) Standard documents

You should include standard clauses in your ITT documents setting out the requirements of a PBA, along with copies of the documentation which the successful contractor will need to complete once the contract is awarded.

If the bank is known when the ITT is issued, you can include the following documents:

It is important to engage with a bank at the earliest stage but if the bank is not known when the ITT is issued, you need only attach the trust deed. As outlined in section 2, it is important that you stay involved in the selection of the bank to ensure compliance with the UK government's Cabinet Office minimum requirements for a PBA product. This confirmation may be directly from the bank or via sight of the bank's confirmation to the main contractor before the account

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is used for the first time.

6.9.4 Clauses and standard forms of contract (also refer to Annex 8)

Most modern construction forms of contract have provisions for the use of PBAs, including NEC (NEC3 Z or Y clauses), JCT and PPC2000. As these forms of contract are subject to regular updates, you should check the current versions.

For any other forms of contract used that may not have PBA clauses already prepared, simple enabling provisions need to be introduced. As a minimum, these should:

6.9.5. Framework agreements

PBAs can be used with Framework agreements. When setting up a framework it should be explicitly stated in the tender documentation that a PBA will be used as the preferred method of payment at call off stage. When calling off from the framework, the normal procedure for setting up a PBA will apply.

6.9.6. Contract management provisions (KPIs)

You should consider how use of a PBA can be tracked and measured in your overall contract management strategy. The use of PBAs should be incorporated into the KPIs for the project. For example (these are also listed for ease of reference at Annex 9):

Using KPIs will help you identify when the PBA payment method has been used and how this effected the way contractors were paid within your project. This will be a clear indicator of how effective and efficient the PBA was as a method of payment for contractors.

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6.9.7 Post award

The process of opening a PBA should be started as soon as possible after the contract has been awarded and for works projects well in advance of the construction phase to ensure the PBA is ready to be used when construction begins.

6.9.8 Opening the PBA

While each bank will have its own forms, they will all need some form of account application to be completed which may need to be accompanied by signed trust deeds, signed by both WPS and contractor representatives in the case of joint accounts or just by the main contractor in the case of sole accounts. In general, the process of opening a PBA account will require:

Timescales for opening a PBA will depend upon the bank chosen and whether your organisation and / or the main contractor has an existing relationship with the bank. Annex 2 outlines the full process for setting up a PBA with the provider of your choice.

Who will approve the PBA documentation and how? For example, for Joint Accounts who will sign forms required by the bank to open a PBA account.

Who will agree payments due to the main contractor and each of their named suppliers and how?

Who will be responsible for paying money into the PBA and for Joint Accounts only who will have authority to access the on-line banking system, administer it i.e., instruct the bank to make payment on the due date.?

Who will agree why certain supply chain members may not be paid directly from the PBA and the criteria this will be based upon?

<>

Ensure PBAs are well communicated with internal stakeholders:

Develop presentation slides and information sheets.

Assess the readiness of your organisation. Areas to consider include:

Changes to standard procurement and contract documents to reference PBAs, e.g. checklists, terms and conditions.

Training requirements.

Setting up the account, who will manage this process; which bank will be used, the WPS or the main contractors?

Operating the account and setting typical interim payment cycles.

Ensure PBAs are well communicated to potential bidders:

Prepare a briefing pack for the lead contractor and extended supply chain for use in the procurement process.

Include information in any relevant procurement about PBAs and how you will operate them.

- a. a PBA will operate on the contract/project and that this will adhere to the minimum requirements set out in Annex 1.
- b. whether the PBA will be set up and administered on a joint basis or whether the account will be managed by the main contractor on a sole account basis.
- c. to ensure maximise supply chain coverage it is recommended that you should also state that, as a minimum, 80% of sub-contractors be included in the PBA.
- d. payment for suppliers outside the project bank account must not exceed 30

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days to comply with the requirements of the Late Payment of Commercial Debts (Interest) Act 1998 (as amended by the Late Payment of Commercial Debt Regulations 2002 (SI 1674) and the Late Payment of Commercial Debt Regulations 2013).

- Your PBA policy
- What is a project bank account?
- How do project bank accounts work? (See Diagram 1)
- Benefits of implementing project bank accounts (3.3)

1. application to open a project bank account form (supplied by your chosen bank)
2. trust deed (**Annex 4 sole authority / Annex 6 joint authority**)
3. joining deed (**Annex 5 sole authority / Annex 7 joint authority**)
4. bank mandate (supplied by your chosen bank)

- state that due payments are to be routed through the PBA
- provide the details of how the PBA will operate
- provide that payments into the PBA qualify as discharge of payment (up to the amount paid in).
- KPI 1: Percentage Tier 2 or lower tier suppliers who account for at least 1% of the NET contract award value who are signed up as beneficiaries of the PBA
- KPI 2: Percentage of sub-contractor / supplier businesses in the project / contract supply chain participating in the PBA
- KPI 3: Percentage of sub-contractor / supplier businesses in the project / contract supply chain by value (£) participating in the PBA
- KPI 4: Number of eligible supply chain members choosing not to participate with reasons for opting out

- i. Completion of an account application form and acceptance of the banks terms and conditions (T&Cs) for a project bank account - The T&Cs should confirm the account will meet the three requirements of the minimum

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requirements for a PBA product (Annex 1) that refer to the key features of such a bank account, namely no cheques or overdraft will be available and the governance of the trust deed is acknowledged by confirming that monies in the account are held in Trust and that the bank cannot use these to offset any other contractor/supply chain liabilities.

- ii. A copy of the relevant trust deed. The bank will have no interest in deeds of adherence / joining deeds these are a matter for the WPS and contractor only.
- iii. Completion of a bank mandate signed by both WPS and contractor for a joint account or just the main contractor for a sole account.
- iv. Once in place the bank or main contractor should be asked to confirm the account meets the minimum requirements for a PBA product (Annex 1) specifically those that describe the features of a compliant account see point 1) above.
- v. Ensure that the internet banking process is being established - if you are not using your own bank you may need to install software provided by the bank onto specified computers to access third party software to authorise payments for a joint account or to view transactions if sole account.

4. Actions required by Welsh public sector bodies

Welsh Government project bank accounts policy is directly applicable to all Welsh Government departments and Welsh public sector bodies are strongly encouraged to apply the policy as fair payment good practice.

5. Legislation

Use of PBAs supports the Wellbeing of Future Generation Act Wellbeing Goals of, A Prosperous Wales and A Healthier Wales in their positive impact on the

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economy and mental wellbeing by ensuring prompt and fair payment terms that relieve cash flow pressures particularly on SMEs.

6. Timing

This WPPN is effective from the date of publication until it is superseded or cancelled.

7. Welsh Government Procurement Policy Statement (WPPS) relevance

Use of PBAs aligns with the WPPS 2021 vision for Procurement in Wales as a lever with ability to affect sustained change to achieve social, economic, environmental and cultural outcomes for the well-being of Wales” and Principle 5 to, ‘...support Welsh Government policy objectives relating to progressive procurement...which nurtures resilient local supply chains.’

8. Additional information

This guidance document should be read in conjunction with WPPN 03/21 Project Bank Accounts Policy available via the Welsh Government’s website.

An eLearning module on Project Bank Accounts (PBA) is available via the NHS Wales Shared Service Partnership [Learning@Wales](#) portal.

Welsh Government's Commercial Policy team manage a Project Bank Accounts Community of Practice Group that brings together public sector colleagues to

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share their experience with the implementation of PBAs. If you would like to join the group please email CommercialPolicy@gov.wales to be added to the circulation list.

9. Contact details

Any queries should be directed to CommercialPolicy@gov.wales

10. References

Welsh Government is pleased to acknowledge that it has drawn upon the following publications and organisations to supplement its own research to produce this guidance:

- A Guide to the implementation of Project Bank Accounts (PBAs) in construction for government WPS Cabinet Office 03 July 2012
- Project Bank Accounts - Briefing document Cabinet Office 10 February 2012
- “A Guide to best Fair Payment practices” The Office of Government Commerce (OGC) 2007

Annexes

- Annex 1: Minimum requirements for a PBA product
- Annex 2: Process diagram for the creation of a PBA
- Annex 3: Example wording for contract notice advert
- Annex 4: Example trust deed for use with the Single Authority Model
- Annex 5: Example joining deed for use with the Single Authority Model

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- Annex 6: Example trust deed for use with the Joint Authority Model
- Annex 7: Example joining deed for use with the Joint Authority Model
- Annex 8: Example clauses for inclusion in the contract
- Annex 9: Example PBA KPIs
- Annex 10: Sub contractor opt out form

Annex 1: Minimum requirements for a PBA product

UK government's Cabinet Office minimum requirements for the project bank account

These minimum requirements are based on recommendations made by the Government Construction Board (GCB) Fair payment user group and sets out some minimum requirements for the project bank account:

Minimum requirement 1

The account needs to be linked to a trust deed so that the money is ring-fenced.

Minimum requirement 1: actions

- joint account: WPS- and contractor
- sole account: contractor only

Sign a trust deed (TD) to govern the operation of the PBA. The TD is essentially the agreement to manage payment via a PBA that ring fences any monies in the PBA.

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WPS and/or contractor confirm the TD arrangement with the Bank when requesting the opening of a PBA account.

Minimum requirement 1: roles/responsibilities

WPS and contractor to organise the trust deed.

Banks need to be aware that any PBA products or services will be governed by a Trust Deed (point 2 and 5 refer), the bank will confirm this understanding when they act on point 5.

Minimum requirement 2

The banking service provided should not materially alter the operation of the TD or the PBA.

Minimum requirement 2: actions

Bank will need to confirm that any PBA product or service they offer is governed by the TD, this action is covered by point 5.

Minimum requirement 2: roles/responsibilities

Bank to ensure their PBA products/services do not conflict with the WPS/contractor's TD. The bank will confirm this understanding when they act on point 5.

Minimum requirement 3

To be a beneficiary of the PBA the deed of adherence (also known as a joining deed) must be completed by sub-contractors to confirm their agreement to be paid via the PBA.

Minimum requirement 3: actions

This requirement will flow from the presence of a TD.

WPS/contractor to identify sub-contractors eligible to join the PBA.

- WG guidelines are that any sub-contractor accounting for 1% or more of the contract value should be invited to join the PBA
- Requests to join from Sub-contractors accounting for less than 1% should be considered.

WPS/contractor to ensure any sub-contractors joining the PBA have completed a joining deed.

Minimum requirement 3: roles/responsibilities

WPS/contractors: identify sub-contractors to join the PBA and to keep up to date records of joining deeds and ensuring those who have joined the PBA are paid via the PBA.

The bank has no interest in the deeds of adherence / joining deeds.

Minimum requirement 4

Dual agreement is to be required before the payment is to be made, i.e. the main contractor or WPS knows that it can only act when both parties have agreed the sums due as set out in the schedule of payments. Once agreed neither party can alter the payment without the agreement of the other party.

Minimum requirement 4: actions

No action required. This requirement is a statement that makes it clear that the operation of the PBA has no effect on checks that goods, services or works have been satisfactorily completed. A schedule of payments due, confirms the WPS and contractor agreement of what is to be paid and to whom.

Minimum requirement 4: roles/responsibilities

WPS and contractor: responsibilities to check goods, services or works have been satisfactorily completed and correct invoices have been submitted are unaffected by the presence of a PBA.

WPS and contractor: to align confirmation of checks and payments due feed into the PBA process, i.e. administrator, WPS/contractor sets up payments in the PBA online banking system in accordance with the payment schedule.

Minimum requirement 5

The bank must be informed and acknowledge that a TD exists and that operation of the payments are governed by this deed.

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Minimum requirement 5: actions

- Joint account: WPS or contractor
- Sole account: contractor only

Inform the bank that the account will be governed by a TD.

Bank to acknowledge it understands that the account will be governed by a TD arrangement.

Minimum requirement 5: roles/responsibilities

- Joint account: WPS or contractor
- Sole account: contractor only

Contractor/WPS to request the Bank acknowledge in writing that the account will operate as a PBA. Key features covered by points 1,9,10, 11 and 12.

Minimum requirement 6

Transactions must be easily available for the WPS to view from the bank report no more than one day after payment.

Minimum requirement 6: actions

- Joint account: WPS and contractor will need access to the online banking system
- Sole account: contractor only - contractor to ensure the WPS has either access to the account via the on-line banking system (this may be set up as read only access) or that the bank will send or make available an account

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statement the day after the due date for payments to be made out of the PBA.

Minimum requirement 6: roles/responsibilities

- Joint account: WPS and contractor
- Sole account: contractor only - to ensure that following the date payments are due to leave the PBA that the balance in the PBA is £0
- Under sole account contractor-only managed accounts: the contractor may need to set admin rights in the online bank account to allow the WPS to have view only rights or share a bank statement or screen shot as agreed between WPS and contractor.

Minimum requirement 7

All of the contractors and sub-contractors signed up to the PBA trust deed should be paid at the same time, once authorisation has been given by the trustee(s), payments are made typically made within 3 to 5 working days.

Minimum requirement 7: actions

- Joint account - WPS and contractor
- Sole account - contractor only

Ensure all beneficiaries (contractor, and sub-contractors attached to the PBA by a joining deed) are paid on the same day against the agreed schedule of payments.

Bank to confirm its PBA products services payment timescales once they have received instruction to pay (transfer sums out of the PBA to the accounts

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specified by the account holder).

Minimum requirement 7: roles/responsibilities

WPS and contractor - should know the banks payment terms / service level agreement timescales for payment following the bank being instructed to pay, as per the agreed payment schedule (see point 4), by the account holder.

Bank - to ensure they meet their stated payment terms (these would be expected to be around 3-5 working days).

Minimum requirement 8

Payments from the PBA should only be able to be made to the contractor and other named supplier beneficiaries.

Minimum requirement 8: actions

- Joint account - WPS and contractor
- Sole account – contractor only

This requirement is controlled by the trust and joining deeds and WPS checks of account statements.

Minimum requirement 8: roles/responsibilities

WPS checks on account statements to ensure only named beneficiaries (the contractor and sub-contractors who have completed joining deeds) are paid from the PBA.

Minimum requirement 9

No cheque facility is to be made available on the account.

Minimum requirement 9: actions

Bank - the bank needs to confirm this is the case for their PBA products or services and specifically in the case of the account in question.

Minimum requirement 9: roles/responsibilities

Bank PBA products and services standard terms and conditions should cover this requirement, i.e. no cheque facilities.

Minimum requirement 10

No overdraft facility is to be available on the account.

Minimum requirement 10: actions

Bank - the bank needs to confirm this is the case for their PBA products or services and specifically in the case of the account in question.

Minimum requirement 10: roles/responsibilities

Bank - PBA products and services standard terms and conditions should cover this requirement, i.e. No overdraft facilities.

Minimum requirement 11

Confirmation is to be obtained from the PBA bank that monies are held in trust and that they cannot be used to offset any other contractor/supply chain liabilities.

Minimum requirement 11: actions

Bank - the bank needs to confirm their understanding that the account is governed by a trust deed and their terms and conditions of use do not reserve any powers to the bank to access the account to hold or remove any monies in the account.

Minimum requirement 11: roles/responsibilities

Bank - PBA products and services standard terms and conditions should cover this requirement, i.e. only trustees can authorise the holding or movement of monies in the account.

Minimum requirement 12

There is an obligation on the Main contractor to inform the WPS and appropriate members of the supply chain and trustees of any changes to the PBA with respect to alteration to any terms and payment authorisations.

Minimum requirement 12: actions

WPS/contractor to ensure the trust deed terms covers this requirement.

WPS/contractor to ensure that any changes to the operation of the account must be notified to beneficiaries of the PBA in advance.

Minimum requirement 12: roles/responsibilities

WPS/contractor to ensure their understanding of any trust deed terms on this point.

WPS/contractor must communicate any changes to the PBA to sub-contractor beneficiaries in advance.

The bank has no interest in this as it is the responsibility of the WPS and contractor to ensure they operate their business in accordance with the contract.

Interest payments

The Cabinet Office minimum requirements do not touch on the matter of how any interest that may accrue on the account should be disbursed. If the PBA is interest bearing the bank will have to be instructed on where any interest accrued should be deposited or to whom it should be paid.

NB - any interest that might accrue is likely to be very small as monies move in and out of the PBA in a matter of days and interest would only accrue during the period that any monies are in the account.

Annex 2: Process diagram for the creation of a PBA

Procedure 1

ITT to include copy of proposed trust deed.

Procedure 1 notes

The trust deed should be included for contractors to consider before award.

If the WPS knows which bank they will use the other documents can be included ready for completion on award.

Procedure 2

Award of contract

- Joint account - WPS and contractor
- Sole account – contractor only

Completes all forms required by the chosen bank to open the PBA account – these will differ according to the banks processes but would typically be a:

- application for a PBA form
- sight of the trust deed
- bank mandate

Procedure 2 notes

Joint account - WPS and contractor

Sole account - contractor only

Contractor should be required to complete the application process as soon as possible after contract award and in all cases have a PBA in place before payments to sub-contractors need to begin.

NB - where a PBA is a condition of any funding they should be notified if a PBA is not in place before payments to sub-contractors need to begin.

Procedure 3

If the bank account is not pre-determined before award of contract, the WPS and successful contractor agree:

- the bank to open the PBA account
- whether the account is to be a sole account or joint account

Procedure 3 notes

The PBA product must comply with the Cabinet office minimum requirements (see Annex 1).

The Bank does not have to be one which either Contractor or the WPS has an existing relationship – but if not, new due diligence checks will need to be undertaken that could increase the time it will take to open a PBA account.

Whether a sole or joint account, the WPS should remain involved in the decision of which bank is used.

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Procedure 4

If the bank account is not pre-determined before award of contract, the WPS and successful contractor agree:

- the bank to open the PBA account
- whether the account is to be a sole account or joint account

Procedure 4 notes

WPS and contractor agree the supply chain members involved in the PBA and ensure deeds of adherence / joining deeds (Annex 6) are duly completed to bring them under the overarching trust deed arrangement.

Procedure 5

Any subcontractors appointed during the course of the contract who should be invited or who ask to be paid through the PBA, must sign a deed of adherence / joining deed when appointed. The contractor should inform the WPS of any new sub-contractors and confirm if they are to be paid via the PBA and if not confirm the reason why not.

Procedure 5 notes

Joining deed to include sub-contractors bank details.

Contractor to add the sub-contractor details to internet bank system.

Procedure 6

Checking of work and valuation of payments due proceeds as agreed under the contract arrangements.

If the schedule of payments due does not already breakdown to payment due to individual sub-contractors, the WPS and Contractor will need to amend the process.

This will allow checks to be made to ensure that suppliers' party to the PBA are paid correctly through the PBA.

WPS should ensure that subcontractors outside the PBA are paid within 30 days (see 3.5.7 Payment of sub-contractors / suppliers outside out of the PBA).

Procedure 6 notes

The process of preparing and certifying monthly valuations or milestones remains unaltered by the PBA.

The key change is that the main contractor also submits a breakdown setting out payments due to them and each named supplier.

Procedure 7

The persons designated to administer the online account detail the sums due to sub-contractors, set out in the schedule of payments, in the on-line account and instruct the bank to pay on the agreed payment date.

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Procedure 8

The bank transfers the sums as directed in accordance with its agreed timescales, typically 3 to 5 working days from being instructed to do so.

Procedure 8 notes

The WPS's funds will take approximately 3 days to clear.

Procedure 9

The WPS checks payments have been made correctly.

Procedure 9 notes

The WPS should check that the PBA account balance is £0 after the due date and check that the amounts paid match the agreed payment schedule.

For sole accounts administered by the contractor they may be able to set read only access permissions on the account for the WPS or be required to share bank statement or screen shot.

Annex 3: Example wording for contract notice advert

“ A Project Bank Account will operate on this project / framework and is

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required to adhere to the minimum requirements for a PBA product at Annex 1 of Welsh Government’s guidance, ‘Guidelines for deploying Welsh Government PBA Policy.’

“ Payment for suppliers outside the Project Bank Account must not exceed 30 days from submission of a valid invoice. ”

Annex 4: Example trust deed for use with the Single Authority Model

Example trust deed – sole authority / sole account

Trust deed for use with the Single Authority Model where the contractor is the sole trustee and sole account holder.

Annex 5: Example joining deed for use with the Single Authority Model

Example joining deed for use with the Single Authority Model

Example joining deed for use with the Single Authority Model where the contractor is the sole trustee and sole account holder.

Annex 6: Example trust deed for use with the Joint Authority Model

Example trust deed for use with the Joint Authority Model

Example trust deed for use with the Joint Authority Model where the Welsh public sector body AND contractor are trustees and joint account holders.

Annex 7: Example joining deed for use with the Joint Authority Model

Example joining deed for use with the Joint Authority Model

Example Joining Deed for use with the Joint Authority Model where the Welsh public sector body and Contractor are the trustees and joint account holders.

Annex 8: Example clauses for inclusion in the contract

1. The project bank account

1.1 The account holder undertakes to open an interest (non-interest bearing) project bank account with the bank, such account to be opened and held in the name of the account holder.

1.2 The employer undertakes to pay all monies due to the contractor and/or the sub-contractors under the contract and the sub-contracts into the project bank

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account as and when such monies become due for payment in accordance with the terms of the contract.

1.3 the parties agree that any monies paid into the project bank account shall, as from the date on which such monies are paid into the project bank account, be kept separate and distinct and clearly identifiable and shall be held on trust for each of the contractor and the sub-contractors in the amounts owing to them as set out in the schedule of payments agreed by the WPS/employer and contractor. The contractor and the sub-contractors acknowledge that they have no rights and/or interest in the monies held in the project bank account other than as a beneficiary of the monies owing to them.

1.4 If for any reason the total amount of monies deposited by the employer in the project bank account is less than the total amount of monies which has been authorised by the account holder for payment to the sub-contractors and the contractor, the monies held in the project bank account shall be allocated to and held on trust for each of the sub-contractors and the contractor in the same proportions that the monies owed to them forms of the total amount of monies owed at that time to the sub-contractors and the contractor collectively.

1.5 The employer acknowledges that, as and when monies are paid by it into the project bank account in accordance with the contract, it will cease to have any further rights and/or interest in such monies.

1.6 The account holder accepts that, irrespective of any disputes, which may arise in respect of work performed by the contractor and/or the sub-contractors, the account holder may not withdraw any monies from the bank account (other than in the case of the contractor where it may withdraw monies owned by it).

2. operation of the project bank account

2.1 The account holder agrees that:

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2.1.1 They will sign the bank mandate as soon as reasonably practicable following execution of this deed. 3.1.2. They will operate the project bank account at all times in accordance with the bank mandate, the deed and the contract. If there is any conflict between the bank mandate, the deed and/or the contract, the documents shall take precedence in the following order:

2.1.2.1 The deed

2.1.2.2 The bank mandate, and

2.1.2.3 The contract.

2.1.3 The project bank account shall not become overdrawn; they will keep accurate, complete and up to date books of account and records of all transactions relating to the project bank account, including but not limited to details of all payments out of the project bank account authorised by the account holder and any bank charges payable

2.1.4 They shall ensure that access to the online banking facility is only made available to those of its employees and/or representatives who need access to administer the account and that such employees and/or representatives are aware of the confidential nature of the access details, the bank account details and the bank account transactions

2.1.5 They are responsible for the acts and/or omissions of their own employees and/or other representatives as if they were its own acts and/or omissions

2.1.6 They hold all monies in the bank account on trust for the full and exclusive benefit of the contractor and the sub-contractors in accordance with clause 2.3 and 2.4 above.

2.2 As and when payment milestones set out in the contract have been achieved, they shall identify any payments due under the contract and the sub-contracts and:

2.2.1 The employer shall promptly pay the monies due under the contract into the bank account

2.2.2 As and when the monies have cleared, they shall promptly instruct the bank to make any payments due pursuant to the contract and/or sub-contract to the sub-contractors and/or the contractor from the bank account.

2.3 They shall inform each of the sub-contractors of the amounts which are to be paid to them from the bank account and the date on which the sub-contractor can expect to receive such payment on the same day as they instruct the Bank to make payments out of the bank account.

2.4 All payments to the account holder in respect of its role as contractor and the sub-contractors shall be made by bank transfer. The sub-contractors must inform the account holder of their relevant bank account details and keep them up to date at all times. The sub-contractors accept that failure to do so may result in monies not being paid to them and that the account holder has no liability for such failure.

2.5 Any interest paid by the bank in respect of the monies held in the bank account shall belong to the account holder and may be withdrawn by it on conclusion of the works under the contract.

2.6 Any bank charges, money transmission costs and other disbursements incurred in the establishment and operation of the bank account shall be borne by the account holder.

3. New sub-contractors

3.1 If the contractor appoints a new sub-contractor in respect of the contract after the date of this deed and agrees with that the new sub-contractor that it shall be paid via the bank account, the account holder shall arrange for the new

sub-contractor to sign a deed of adherence / joining deed (Annex 6 provides an example joining deed) in the form set out in Schedule 1 to this deed.

3.2 The parties agree that, in signing the deed of adherence / joining deed, the account holders are signing on behalf of themselves and as agent for each of the sub-contractors. Each sub-contractor agrees to be bound by the terms of any deed of adherence / joining deed validly executed by the account holders on behalf of all the parties.

4. Removal of sub-contractor

4.1 If prior to the expiry of the term a sub-contractor ceases to be involved in the project for whatever reason (including but not limited to the termination of its sub-contract), the account holders shall arrange for the payment out of the bank account to the sub-contractor of any monies held on trust for the benefit of that sub-contractor.

4.2 On payment of all the monies due to it from the bank account in accordance with clause 4.1 above the sub-contractor shall cease to have any further rights and/or interests in the bank account.

5. Confidentiality

5.1. No party shall use and/or disclose any confidential information, which is acquired by it about another party's business and/or given to it by another party to this deed except in the proper performance of the trust deed or contract.

6. Termination

This deed shall continue for the associated contract term, subject to early

termination in accordance with clause 7.2 below.

6.1 This deed shall immediately terminate if:

6.1.1 The parties agree in writing that the deed should terminate, and/or

6.1.2 The contract terminates and all monies have been paid out from the Project Bank Account.

6.2 On termination of this deed the account holders undertake to ensure all monies held on trust for the benefit of the contractor and/or the sub-contractors and held in the Project Bank Account are promptly paid to the relevant parties (less any outstanding bank charges and expenses).

7. General

7.1 This deed contains the whole agreement between the parties and it supersedes any prior written or oral agreement between them and is not affected by any other promise, representation, warranty, usage, custom or course of dealing. The parties confirm that they have not entered into this agreement on the basis of any representation that is not expressly incorporated into this agreement. Nothing in this deed shall exclude liability for any fraudulent statement or act made prior to the date of this deed.

7.2 No waiver by any party of any breach of this agreement shall be considered as a waiver of any subsequent breach of the same provision or any other provision.

7.3 The invalidity, illegality or unenforceability of any of the provisions of this deed shall not affect the validity, legality or enforceability of the remaining provisions of this deed

7.4 No party shall be liable for any delay or failure in performing its obligations

under this deed as a result of reasons beyond its reasonable control, including but not limited to acts of God, war, flood, fire, labour disputes, sub-contractor delays, strikes, lock-outs, riots, civil commotion, malicious damage, explosion, governmental actions and any other similar events. Failure to make payment due to insufficient funds in the bank account is not a force majeure event.

7.5 The sub-contractors are only liable for their own acts and/or omissions under this Deed and not the acts and/or omissions of any of the other sub-contractors. The sub-contractors are not jointly and severally liable under this deed.

7.6 No party may assign its interest in this deed (or any part) without the written consent of the other parties, such consent not to be unreasonably withheld or delayed.

7.7 None of the terms and conditions of this deed shall be enforceable by any person who is not a party to it.

7.8 This deed is governed by and interpreted in accordance with English and Welsh law (as it applies in Wales) and the parties agree to submit to the exclusive jurisdiction of the English and Welsh courts.

Annex 9: Example PBA KPIs

These are the recommended minimum KPIs to be captured quarterly.

Implementation performance

KPI 1

Percentage Tier 2 or lower tier suppliers who account for at least 1% of the NET

contract award value who are signed up as beneficiaries of the PBA

Calculated by:

Number of Tier 2 or lower tier suppliers who account for at least 1% of the NET contract award value signed up as beneficiaries of the PBA

divided by

Total number of sub-contractors/suppliers on the project

NB - PBA policy requires all such sub-contractors/suppliers must be invited to join the PBA so KPI 1 should ideally be 100%. Should suppliers who account for at least 1% of the main contract award value choose to opt out WPS should seek and record an explanation for suppliers doing so.

KPI 2

Percentage of sub-contractor/supplier businesses in the project/contract supply chain participating in the PBA.

Calculated by:

Number of sub-contractors or suppliers signed up as beneficiaries of the PBA

divided by

Total number of sub-contractors/suppliers on the project.

NB PBA policy recommends a target of 80%.

KPI 3

Percentage of sub-contractor/supplier businesses in the project/contract supply chain by value (£) participating in the PBA.

Calculated by:

Contract value (£) for sub-contractors or suppliers signed up as beneficiaries of the PBA

divided by

Total contract value (£) for sub-contractors / suppliers on the project.

KPI 4

Reasons for non-participation of supply chain members (See Exceptions to sub-contractor/supplier participation, page 10 of this guidance).

PBA payment performance at each payment cycle

- WPS payment performance from Due date to deposit of certified sum in PBA (in calendar days).
- Bank payment performance from deposit of certified sum to receipt of payment by beneficiaries (in calendar days).
- The amount claimed by each PBA beneficiary at each payment cycle.
- The amount authorised to each PBA beneficiary at each payment cycle.
- The amount paid to each PBA beneficiary at each payment cycle.

Payment performance for the supply chain outside the

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PBA at each payment cycle

- Payment performance - average time taken for payments to reach sub-contractor's account from the date on which the Project Manager certifies payment (in calendar days).
- Payment performance - Shortest time taken for a payment to reach a sub-contractor's account from the date on which the Project Manager certifies payment (in calendar days).
- Payment performance - Longest time taken for a payment to reach a sub-contractor's account from the date on which the Project Manager certifies payment (in calendar days).
- The amount claimed by each non-PBA sub-contractor at each payment cycle.
- The amount authorised to each non-PBA sub-contractor at each payment cycle.
- The amount paid to each non-PBA sub-contractor at each payment cycle.

You may want to express that either as:

- A percentage of spend to be paid through the PBA, for example 80% of project spend (excluding ancillary charges), OR
- A percentage of sub-contractors to be paid through the PBA, with different percentages being provided for different tiers, for example 90% of all Tier 2 contractors, 80% of all Tier 3, 70% of Tier 3.

Annex 10: Sub contractor opt out form

Sub contractor opt out form

Confirmation of opting out (declining an invitation to join) a Project Bank

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Account.

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