

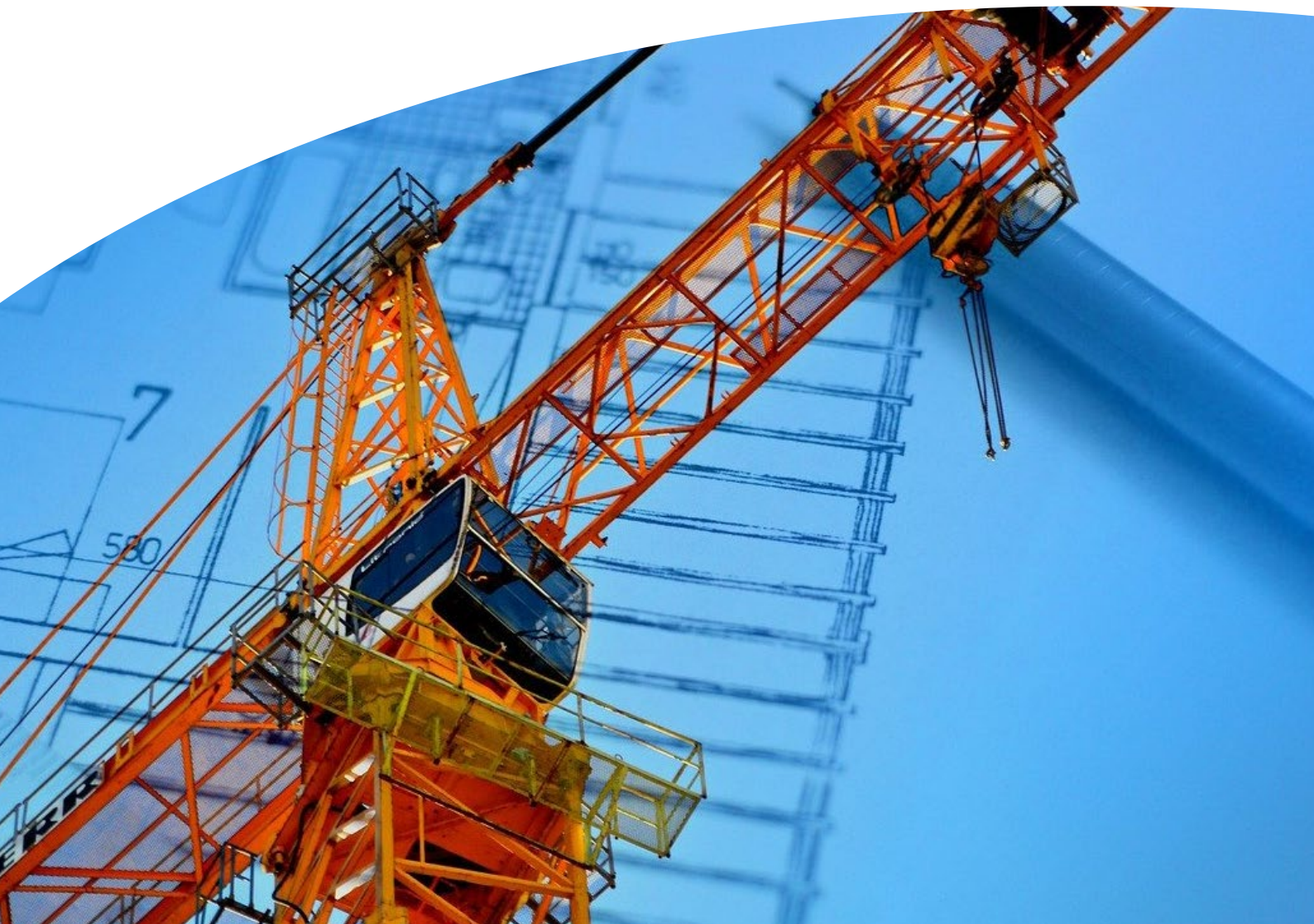
BPF Fair Payment Charter

A fair and transparent approach to payment is essential for ensuring a successful construction industry.

As responsible clients, British Property Federation (BPF) members recognise that the late payment of invoices can have serious implications for businesses, particularly SMEs further down the supply chain.

The BPF has, through its Construction Committee, developed the following voluntary guidelines that all BPF members are encouraged to adopt in their approach to payment generally. Where relevant, examples have been provided of how these guidelines can be incorporated into contracts.

By adopting these approaches, BPF members can play a leading role in driving up payment standards across all parts of the construction supply chain. We believe these approaches will result in improved cash flow for SMEs and reduce or even remove payment abuse.



BPF Fair Payment Charter

1. BPF members are encouraged to sign up to the [Prompt Payment Code \(PPC\)](#) and promote adoption and awareness of the PPC across their supply chains.

2. BPF members should work towards making 30 days the norm in terms of paying suppliers, as set out in the PPC.

3. Cascading fair payment down the supply chain. BPF members are encouraged to include drafting, when agreeing a main contract, which establishes the principle that sub-contractors further down the supply chain will enjoy the same payment terms as the terms agreed by the construction client and the main contractor.

This principle should also be applied to the specific practice of holding a retention, i.e., any arrangements for a retention in a sub-contract should be consistent with the amount set and the payment principles of the main contract between the construction client and the main contractor.

4. BPF members should consider implementing mechanisms within their contracts that demonstrate transparency of payment terms throughout their supply chains. BPF members are encouraged to include contractual terms in their building contracts such that:

- The contractor is required to include a clause in each sub-contract, and provide evidence to the employer that there is such a clause in each sub-contract, requiring that payments are made within [x] days.
- The contractor is required to provide evidence to the employer with each monthly payment application that its sub-contractors are paid up to date in the previous month.

An example of wording from a building contract is contained in the annex.

5. BPF members should publish their own data on fair payment. In addition to submitting payment performance data through the Duty to report, BPF members should publish this data on their own websites to promote greater transparency in this area.

Annex: Sample Building Contract Wording

“The total payment period in respect of any amounts payable by the Contractor to the Sub-Contractor under the sub-contract shall in no event be greater than 35 days (for the avoidance of doubt taking into account the total aggregate number of days for such payment, whether falling within the period in respect of the due date for payment period or the final date for payment). The Contractor shall provide all such information and copies of documents as the Employer shall require to demonstrate to the Employer’s reasonable satisfaction that the sub- contracts contain appropriate provisions to satisfy this Clause.”

“As part of its Interim Application, the Contractor shall issue a written statement to the Employer’s Agent and the Cost Consultant, with a copy to the Employer, confirming that each sub-contractor has been paid amounts properly due and payable to it in accordance with the relevant sub-contract in respect of the previous month.”

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