

## Prompt Payment Requirements for Council Suppliers

The Public Contracts Regulation 2015 came into effect from 26<sup>th</sup> February 2015 and requires prompt payment and increased transparency regarding payment to prime contractors and in-turn their sub-contractors.

The following guidance is intended for suppliers of goods, works and services to the council to enable them to implement monitoring and performance reporting requirements resulting from the Public Contracts Regulation.

As a contracting supplier to the council it is important to ensure that if you subcontract out work within the supply chain you are also bound by these regulations; and may be required to evidence that you pay your supply chain promptly (within 30 days) at contract reviews.

### Summary of Public Contracts Regulation -

From 26<sup>th</sup> February 2015 Public Sector bodies are required to account for payments to suppliers within 30 days where invoices are valid and undisputed, and to publish their performance at the end of each financial year from April 2016.

Payment within 30 days also applies to authority contracted suppliers that have sub-contracted the provision of goods, works or services to tiers in a supply chain.

Within the Public Contracts Regulation 2015, Regulation 113 relates to payment terms in contracts that require public bodies to monitor and publish payment performance with prime contractors and in-turn their supply chains engaged in the provision of goods, works and services.

For more information see:

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/427237/4278-15\\_Prompt\\_Payment\\_Lord\\_Young\\_Guidance\\_v2c\\_1\\_.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/427237/4278-15_Prompt_Payment_Lord_Young_Guidance_v2c_1_.pdf)

Prompt payment requires:

1. Where the Contractor submits an invoice to the Authority, the Authority will consider and verify that invoice in a timely fashion.
2. The Authority shall pay the Contractor any sums due under the invoice no later than 30 days from the date on which the Authority has determined that the invoice is valid and undisputed.
3. Where the Authority fails to comply with 1 and there is an undue delay in considering and verifying the invoice, the invoice shall be regarded as valid and undisputed for the purposes of paragraph (2) after a reasonable time has passed.
4. Where the Contractor enters into a Sub-Contract, the Contractor shall include in that Sub-Contract:
  - a. Provisions having the same effect as clauses 1-3 of this Agreement; and
  - b. A provision requiring the counterparty to that Sub-Contract to include in any Sub-Contract which it awards provisions having the same effect as clauses 1-4 of this Agreement.
  - c. In clause 4, "Sub-Contract" means a contract between two or more suppliers, at any stage of remoteness from the Authority in a subcontracting chain, made wholly or substantially for the purpose of performing (or contributing to the performance of) the whole or any part of this Agreement