

The Construction Supply Chain Payment Charter

*Benefitting from the National Specialist
Contractors Council
Fair Payment Campaign*

led by Taryn Nixon, MOLA, FAME Vice-Chair



■ Federation of Archaeological Managers & Employers

discussion

FAIR PAYMENT Campaign



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The NSCC Fair Payment Campaign

The NSCC Fair Payment Campaign is designed to improve payment practices in the construction industry. With backing at the highest level, the award-winning campaign is calling for proper and timely payment and the elimination of retentions throughout the supply chain to improve the quality and delivery of construction projects.



Getting Paid - 5 Easy Steps



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No Retention Policy



[Find out more](#)

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CONSTRUCTION SUPPLY CHAIN PAYMENT CHARTER

Our ambition for 2025 is that the construction industry's standard payment terms are 30 days and that retentions are no longer withheld.

30 days / 30 days
ZERO retentions

QUOTE from NSCC:

“Paying Specialist Contractors on time would release millions of pounds in investment capital into the hands of those businesses best able to help the construction industry deliver a better product for its clients and a safer environment for its workforce.”

Overdue
Invoice

Government support



- Late payment hurts everybody
- Specialist Contractors often pay costs *before* they get paid
- Profits reduced by cost of financing overdue debt
 - eg On £2.4m turnover pa (£200k a month), 30 day terms would mean 2 months' of outstanding debt (£400k) ... but if payment is delayed to 60-day terms, you'd have to carry out 3 months' work with no income, financing an additional £200k... indefinitely ... and a loan at 6% interest would add £36k cost of finance
- Without liquidity ...
 - you can't reinvest, or raise finance, so you can't grow or maybe even survive
 - Whereas if you had the capital, you could invest it in people, plant, equipment, training, safety, quality, efficiency... and improve the perceived value of what you do

Seven Years of Success

Over the last seven years, the Fair Payment Campaign has:

- Established 30-day payment terms as the expectation within the industry
- Led to payment within 30 days being required on Government projects
- Changed the Construction Act to improve certainty of payment to the supply chain
- Published the Specialist Contractor's Toolkit enabling the supply chain to get paid on time
- Resulted in a clear and effective No Retention Policy.

toolkit

Beware:

- *“Payment shall be due at intervals not exceeding 30 days after the valuation date.”*
- *“The final date for payment shall be not later than 30 days after the date when it becomes due.”*
- *“Payment shall become due on the last day of the month following the month in which the work was carried out. The final date for payment shall be 30 days after it becomes due.”*



Construction Supply Chain Payment Charter

(published as part of [Industrial Strategy: Construction 2025](#))

30 days by 2018

no cash retention by 2025

sign up: Prompt Payment Code Website

Recent Payment Survey



a major payment survey to benchmark the current state of payment practices in the specialist sector with the FMB

previous surveys helped with

- implementation of 30-day payment periods in public sector and major projects
- changes to the Construction Act
- launch of the NSCC No Retention Policy
- Inclusion of payment in *Industrial Strategy: Construction 2025* and publication of [Construction Supply Chain Payment Charter](#)