



**CONSTRUCTING
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RLB | Rider Levett Bucknall

Unlocking the benefits of Fair Payments
and Project Bank Accounts

Training Prospectus

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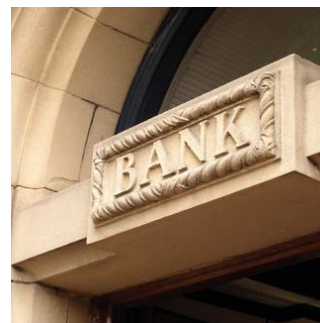
Why is There a Need for Change ?

Poor payment practices are still a common problem in the UK construction industry despite the impact of the Construction Act. Late payments do not only occur between contractors and their supply chain but also between clients and contractors.

The Office of Government Commerce 'Guide to Best Fair Payment practices' (OGC Guide) launched in September 2007 states that poor payment practices in the construction industry gives rise to substantial financing and transaction costs and poor payers often experience higher tenders.

Increased certainty over payment timing and amounts could save the public sector alone an estimated £200m, rising to £750m as fair payment practices become embedded. Just as importantly, payment certainty builds trust between supply chain members and underpins collaborative working in order to achieve better value for money for clients.

The 'OGC Guide' sets out Fair payment principles and best practice for adoption by all public sector clients from 1 January 2008



What is a Project Bank Account

A Project Bank Account (PBA) is a 'Fair Payment' system which ensures the contractor and supply chain receives prompt payment of monies rightfully due through certified interim payments. The PBA is the medium through which payments are made. It is not a contractor's account; it is set up jointly by the client and contractor and is linked to an Agreement similar to a Trust Deed, which provides protection for the whole supply chain'

The 'OGC Guide' identified Project Bank Accounts (PBA) as the most comprehensive single solution to combat the issue of late payment and recommended that clients should progressively specify their use where practical and cost effective.

The Benefits of PBA

The 'OGC Guide' highlighted the following benefits of PBAs:

- **Payment certainty**, with all payments made electronically by the bank
- **Reduced tender prices**, circa 2.5% in return for increased payment certainty
- **Further savings** in overheads associated with debt chasing and administration
- **Improved trust & collaboration**, resulting in better projects and improved value for money
- **Better productivity/fewer disputes**, hard to quantify but likely to be substantial

Why Talk to Rider Levett Bucknall About PBA's ?

Rider Levett Bucknall is a leading independent property and construction consultancy offering a full range of services in three main areas of cost consultancy, project management and advisory services.

An expert in the field of project banking, Rider Levett Bucknall has operated PBA's for more than six years. The Project Banking model developed and used by Rider Levett Bucknall on the Andover North Site project received critical acclaim from National Audit Office for "ensuring timely payment of all parties and mitigating the risk of contractors unfairly withholding payments from their supply chain".

The firm was appointed a specialist adviser to the Office of Government Commerce for the development of the "Guide to Best Fair Payment practices". We worked in association with both Barclays and Bank of Scotland to develop their Project Banking products and also drafted the Generic Trust Deed, which sits alongside the PBA to provide financial protection for the supply chain.

Our specialist knowledge in all aspects of project banking ideally place us to provide support and training to clients proposing to use a Project Bank Account for the first time.

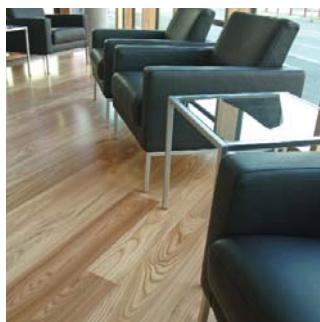
The Rider Levett Bucknall Training and Support Programme

It is important, where a client uses a Project Account for the first time, that the project team (client, consultants, contractor and the supply chain) receives specialist familiarisation training and support. This is essential if the potential benefits, including savings in tender prices in return for payment certainty, are to be realised.

The Rider Levett Bucknall programme is designed to meet this need and provides advice on how to set up and operate a PBA as well as addressing all the associated issues.

These include changes to procurement documents to introduce the PBA arrangements to the tendering teams, suggested amendments to appointment terms and conditions to formalise the operation, and use of the account. It also explains how to unlock the benefits that will flow from improved payment certainty including:

- **savings in tender prices**
- **greater trust and improved collaboration**
- **better project focus and improved value for money**



Flexible Training Modules

Rider Levett Bucknall offers a flexible range of training modules designed to deliver practical and relevant knowledge on all aspects of project banking.

The modules covers four key stages in a typical project lifecycle and provide the knowledge required defines the actions that need to be taken at each stage:

Module 1 - Familiarisation for senior management

Module 2 - Awareness training for the clients project team

Module 3 - Educating the tendering teams

Module 4 - Prior to contract commencement

The training is offered on an in-house basis, offering a cost effective training solution for a client who have key staff who need training in the same area.

Bespoke programmes focus on your organisations particular requirements. Course length, content and emphasis are designed to suit your specific requirements. The training is customised to meet your specific project banking needs.

Ongoing Support

As well as training, Rider Levett Bucknall also offer an ongoing support service for project teams setting up and using PBA's for the first time. This service includes on call technical support, periodic stand back reviews and progress monitoring, any support will be tailored to suit your specific needs.

MODULE 1 - FAMILIARISATION TRAINING FOR SENIOR MANAGEMENT

Aims

The module's aim is to make senior management aware of the 'Guide to best Fair Payment practices' launched by OGC in September 2007. The 'OGC Guide' which comes into force from 1st January 2008 applies to all Public Sector clients. Module 1 particularly focuses on the use of Project Bank Accounts as a mechanism to secure Fair Payments.

Key topics

- **What are project bank accounts ?**
- **How do they operate?**
- **Bespoke banking products available**
- **Cost of operation**
- **What are the benefits?**
- **Defining suitable projects**
- **How to unlock the benefits**

Who should attend this module?

Senior public sector directors who may be involved in setting a client departments strategy in response to the 'OGC Guide'. Private sector clients, contractors and supply chain members interested in learning more about the Fair payment initiative and Project Bank Accounts.

Duration

½ day

Training Cost

£1000 + VAT

Maximum number 12

MODULE 2 - AWARENESS TRAINING FOR PROJECT TEAM

Aims

The course covers the steps that need to be taken to successfully implement and operate PBA's and secure the benefits from their use. It particularly focuses on what has to be done during the planning and procurement phase, prior to appointment of the contractor and his supply chain.

Whether part of the clients team, an appointed consultant or a potential tendering contractor, the module will provide an understanding of what needs to be done.

Key Topics

- **What is a project bank account?**
- **How it operates**
- **A typical interim payment cycle**
- **The benefits for the whole supply chain**
- **Selecting and appointing the bank**
- **Setting up the account**
- **Key bank contacts**
- **Changes to tender invitation and contract documents**
- **Educating the tendering supply chains**
- **Arrangements for supply chain members outside the PBA**

Who should attend this module?

All project team members including consultants and other stakeholders who may be involved in administering the contract and setting up and operating the account. It is also aimed at contractors and their supply chain who may be tendering for contracts with project bank accounts.

Duration

1 day

Training Cost

£1900 + VAT

Maximum number 12

MODULE 3 - EDUCATING THE TENDERING TEAMS

Aims

The aim of this module is to inform and educate the tendering contractors and their supply chains about the PBA arrangements being adopted. That PBA's will make a difference, they will have greater payment certainty and receive the monies rightfully due through interim payments much quicker.

This education is vital if the indicated reduction in tender prices, improved trust and enhanced collaboration in return for payment surety are to be realised.

Key Topics

- **What is a Project Bank Account?**
- **How it operates**
- **Details of the payment process to be adopted**
- **Changes to contract documents to accommodate PBA**
- **Benefits for the whole supply chain**
- **Benefits for the client**
- **Arrangements for supply chain members outside the PBA**

Who should attend this module?

Tendering contractors and their supply chains, members of the clients project and commercial management team involved in the procurement process for a project.

Format and Duration

The module structure is far more fluid than the other modules as it potentially feeds directly into the procurement process for a project or projects. The PBA training may be delivered as part of a bidders conference attended by all shortlisted teams. Training can also be provided directly to tendering contractors and their supply chains. A bespoke programme will be tailored to meet actual requirements.

Duration

1 day

Training Cost

£1900 + VAT

Maximum number 12-15

MODULE 4 - PRIOR TO CONTRACT COMMENCEMENT

Aims

To provide the key members of the project team, (client team, appointed consultants, contractor and key members of the supply chain) with the detailed understanding of how the PBA operates and the specific processes in place to facilitate this. It will explain the roles and responsibilities of each party at each stage of a payment cycle. It will explain what information the banks will require and the format it is to be submitted in.

The module will provide the client and contractors project and commercial management teams with a thorough understanding of what they need to do to operate a PBA on their particular contract.

Key Topics

- **Changes to the contract documents to facilitate the use of a PBA**
- **How the account will operate.**
- **A detailed understanding of the payment process.**
- **Documentation used**
- **Who does what?**
- **Interface with the bank team**
- **Arrangements for supply chain members outside the PBA**
- **Support available**

Who should attend this module

All members of the client and contractors project and commercial management team and key supply chain members who have a role in the payment process.

Duration

1/2 day

Training Cost

£1000 + VAT

Maximum number 12

Please contact Louise North, HR Officer on
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www.rlb.com/projectbankaccounts

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