# WRITTEN STATEMENT

# BY

# THE WELSH GOVERNMENT

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| **TITLE**  | **Update on Project Bank Accounts Policy** |
| **DATE**  | **18 February 2022** |
| **BY** | **Rebecca Evans, Minister for Finance and Local Government** |

In the post COVID recovery period it is essential that we use all the policy levers at our disposal to make Wales a good place to work and do business, whilst also supporting small and medium-sized enterprises (SMEs) in our supply chains to flourish.

Welsh Government’s Project Bank Accounts (PBA) policy is one of the levers that recognises the critical role SMEs play in the delivery of public sector projects but also the risks that sub-contracting arrangements can present for them, particularly cash-flow problems that can arise due to payment terms.

PBAs are ring-fenced bank accounts with trust status that act solely as a mechanism for making payments. PBAs replace the traditional multi-layered payment terms between subsequent tiers in the supply chain with simultaneous payments to the lead contractor and supply chain partners. Traditional payment methods have resulted in sub-contractors commonly having to manage 60-90 day, or longer, payment terms in some instances. In contrast, payments via a PBA typically take between 3-5 days from the deposit of money into the account following certification of the payment schedule.

The use of PBAs aligns with the Wales Procurement Policy Statement 2021’s vision for Procurement in Wales, specifically Principle 5 that promotes support for Welsh Government policy objectives relating to progressive procurement, including those which nurture resilient local supply chains.

Welsh Government applies the policy to its own procurements but the policy has had its biggest impact by making it a condition of funding in our major capital investment programmes, for example 21st Century Schools.

Most importantly we know this is making a difference with positive feedback from sub-contractors.

As of June 2021, contracts worth just over £1.4bn have committed to applying our Project Bank Accounts policy and the pipeline of projects continues to grow.

In addition, Welsh Government’s Commercial Policy team manage a Project Bank Accounts Community of Practice Group, bringing together public sector colleagues to share a wealth of knowledge and experience with the implementation of PBAs.