

# **CODE OF PRACTICE FOR GOVERNMENT CONSTRUCTION CLIENTS AND THEIR SUPPLY CHAINS**



Prepared by  
the ***Government Construction Clients Group***  
and  
the ***Construction Industry Group Northern Ireland***

(Revised: 01 March 2010)

## WHAT IS THE CODE?

The **Code of Practice for Government Construction Clients and their Supply Chains** sets out the core principles that will rule the behaviour of all members of Integrated Project Teams – Government Construction Clients and Integrated Supply Chains (of Consultants, Contractors, Sub-Contractors and Suppliers). It is a code of conduct that encourages all participants to work together openly and co-operatively. It also represents a commitment that all participants are serious about wanting to be better customers and better suppliers within relationships that can bring mutual reward. The *Government Construction Clients Group* and the *Construction Industry Group* have jointly developed the Code. The Code is not intended to have legal effect, although it is consistent with EU Procurement Regulations and Northern Ireland Procurement Policy Guidelines.

The Code encapsulates the twelve guiding principles that are the basis of Northern Ireland's public procurement policy, that were developed by the *Northern Ireland Executive*. The twelve guiding principles were endorsed by the *Construction Industry Group* and are enhanced by additional principles suggested by the Group.

## WHY HAVE A CODE?

Supply chains play an important and increasing role in delivering Government's core business and contribute to its aim of providing high quality, efficient, responsive and customer focused services. In its turn, Government contributes to the business and aims of supply chains. Therefore, the way in which Government and supply chains work together and the relationships that are developed within supply chains are critical. By establishing a Code of Practice for the Integrated Project Team, it is hoped that the members of the team can jointly achieve: -

- the creation of true and effective partnering relationships;
- more successful delivery;
- best performance in design quality, sustainability and health and safety;
- reduced procurement timescales;
- a reduction in the costs of competing for Government business;
- best value for money; and
- increased profitability.

## WHO IS THE CODE FOR?

The Code is intended for all those in the Integrated Project Team: procurement staff, business and contract managers and senior officers in Government; and managers and staff in supply chains.

As a statement of good practice it should be shared openly between the existing and potential members of the supply chain. The *Government Construction Clients Group* and the *Construction Industry Group* will promote the adoption of the Code as widely as possible.

## WHAT IF ONE PARTY DOES NOT FOLLOW THE CODE?

It is expected that members of the Integrated Project Team will see the mutual benefits of following the principles set out in this Code and will attempt to resolve any compliance issues locally. Where this is not possible and where one party in a relationship believes the other to be in breach of the Code, they are advised to bring this to the attention of the *Government Construction Clients Group* or the *Construction Industry Group* as appropriate.

## WHO CAN YOU CONTACT ABOUT THE CODE?

If you have an enquiry about the Code or its implementation on specific projects you should contact the following:-

**Central Procurement Directorate  
Clare House,  
303 Airport Road West,  
BELFAST, BT3 9ED**

Email: [construct.info@dfpni.gov.uk](mailto:construct.info@dfpni.gov.uk)

Website: [www.cpdni.gov.uk](http://www.cpdni.gov.uk)

## CODE OF PRACTICE FOR GOVERNMENT CONSTRUCTION CLIENTS AND THEIR SUPPLY CHAINS

This Code requires Government Construction Clients to be consistent to the Code of Practice principles in their dealings with their supply chains. Government Construction Clients will, in turn, expect their supply chains to apply the Code principles in the dealings between supply chain partners.

### CODE OF PRACTICE PRINCIPLES:

**Transparency** – to achieve openness in policy and its delivery.

**Competitive Supply** – to procure using competitions unless there are convincing reasons to the contrary.

**Consistency** – to ensure that supply chains can expect that procurement policy will be consistent across the public sector.

**Effectiveness** – to meet the commercial, regulatory and socio-economic goals of Government in a balanced matter appropriate to the procurement requirement.

**Efficiency** – to ensure that all procurement processes are carried out as cost effectively as possible.

**Fair Dealing** – to treat supply chains fairly, including protecting commercial confidentiality where required, and not to impose unnecessary burdens or constraints on suppliers or potential suppliers. To demonstrate their commitment to this principle, Government Construction Clients and their supply chains shall implement a *Fair Payment Charter* in the delivery of all works contracts commenced after 1<sup>st</sup> March 2010. A model charter is attached at *Appendix A*.

**Integrity** – to ensure that there is no corruption or collusion with supply chains or others.

**Informed Decision-Making** – to base decisions on accurate information and monitor requirements to ensure that they are met.

**Legality** – to conform to EU and other legal requirements.

**Integration** – to pay due regard to Government's other economic and social policies rather than cut across them.

**Responsiveness** – to endeavour to meet the aspirations, expectations and needs of the community serviced by the procurement.

**Accountability** – to ensure that effective mechanisms are in place to enable Accounting Officers and their equivalents in other bodies to discharge their responsibilities on issues of procurement risk and expenditure.

**Selection** – to ensure that supply chains are selected on the basis of the optimum combination of whole life cost and quality (or fitness for purpose) to meet the customer's requirements.

**Incentivise** – to ensure that supply chains are remunerated in a way that encourages them to deliver good quality construction work on time and to budget.

**Conditions of Contract** – to ensure that the *Conditions of Contract* support teamwork and partnering.

**MODEL 'FAIR PAYMENT' CHARTER<sup>1</sup>**

Fair and transparent payment practices are an essential underpinning to achieving successful integrated working on construction projects. In working with each other in good faith and in a spirit of mutual trust and respect, we agree that we will meet the *Fair Payment* commitments set out below:

- Companies have the right to receive correct full payment as and when due. Deliberate late payment or unjustifiable withholding of payment is ethically not acceptable.
- *Fair Payment* will apply equally between the client and lead contractor and throughout the supply chain<sup>2</sup>.
- The process will be transparent in order that members of the supply chain have certainty of how much and when they will be paid.
- Companies will consider, where appropriate, operating relevant contracts on an open book basis.
- The correct payment will represent the work properly carried out, or products supplied, in accordance with the contract. Any client arrangements for retention will be replicated on the same contract terms throughout the supply chain. Any withholding of payment due to defects or non-delivery will be proportionate and demonstrably justified in line with arrangements made at the time of contract.
- To ensure effective and equitable cash flow for all those involved, all contracts will provide for regular payments and have payment periods not exceeding 30 days.
- In order to avoid payment delays, the client and all supply chain members will agree payment procedures at the outset of their contracts. Payment will be through electronic BACS transfer and will apply throughout the supply chain.
- Monitoring and auditing, and problem resolution procedures will be agreed between the parties.

We the undersigned agree that this Charter is not intended to be a legally binding document and not used in construing any contractual commitment.

<b>Client/CoPE:</b>		
<b>Signatory:</b>	<b>Position:</b>	<b>Date:</b>

<sup>1</sup> The Charter sets out the values and arrangements relating to payment practices consistent with integrated working. The Model Charter is flexible to allow for adaptation and can either be a standalone document or part of a wider partnership charter. In either case it is not intended to be legally binding.

<sup>2</sup> The client would sign the Charter at the outset. Contractors and suppliers subsequently engaged would be expected to sign the Charter before appointment.

**CODE OF PRACTICE FOR GOVERNMENT CONSTRUCTION CLIENTS AND THEIR SUPPLY CHAINS**

To be completed by the supply chain on individual contracts:-

<b>Contract:</b>		
<b>Contractor/Sub-Contractor</b>	<b>Signatory</b>	<b>Date</b>