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Improving Payment in Construction

The CLC is committed to improving payment performance as part of its Business Models and Fair Payment workstream, and this month marks five years since Build UK began benchmarking the payment terms of its members and the wider industry, following the introduction of the Duty to Report Regulations. Compiling the data in a [table](#) on its website has enabled Build UK to present a consistent picture of payment practices within the industry, transforming the culture around payment and resulting in significant improvement, particularly amongst Build UK members.

Since 2018, Tier 1 Contractor members have reduced the average time taken to pay invoices from 45 to 30 days, the expected standard for business. At the end of July, they also reached another key milestone paying on average 95% of invoices within 60 days, which is the target for Government contracts.

Although the transparency has been uncomfortable for some, it has combined with peer pressure amongst senior business leaders for their organisations to move up the table. As a result, the majority have put significant effort into transforming their internal systems to improve the speed of payments, which is a key area of focus for the CLC. They have also provided guidance to suppliers, predominantly SMEs, on how to submit invoices correctly to ensure prompt payment.

Most importantly, the data has empowered small businesses across the sector to take informed decisions regarding which large contractors they wish to work with.

The Build UK table has been widely commended, with the Small Business Commissioner, Liz Barclay, saying: *"This is a great example of a trade organisation positively influencing payment practices in its sector. This kind of thought leadership drives payment improvements that are so crucial to the survival of small businesses in construction and their ability to grow and thrive"*.

Jo Fautley, Build UK Deputy Chief Executive, added: *"Since Build UK first began benchmarking payment performance five years ago, the construction sector has shown significant improvement. There is still more to do, but the value of transparency is clear to see, and our table has driven real change in behaviour led by Build UK members."*

Steve Bratt, who leads the CLC's Business Models and Fair Payment Workstream, said: *"All the work undertaken by Build UK has built a solid foundation for further progress to be made. The CLC has recommended that the regulations are amended to incorporate reporting on the value of payments to support more successful and sustainable supply chain relationships."*

View the table and find out more on the [Build UK website](#).