

STRATEGIC PLANNING & PLACE BUILDING CONTRACT DIRECTIVE

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PAYMENT FOR OFF- SITE MATERIALS

Occasionally requests or demands are received from contractors, for the pre-payment of materials or services before delivery. This procedure explains the action to be taken.

1. If a contractor asks for payment for off-site materials, make it clear that he must submit a written request on headed paper addressed to the Employers Agent/contract administrator for a decision to be made within the terms of the contract. Such requests should state the firm's name, reason for the request, the value of the materials and where the materials will be stored.
2. Pre-payment in any form invariably carries an element of risk to the County Council and only in exceptional circumstances is it usual for the contractor's request to be granted. Where this action is proposed Strategic Planning & Place must always be consulted. If agreed as appropriate it is vital that the risks are minimised. A Certificate of Indemnity has been prepared by Strategic Planning & Place for this purpose. Copies are available from Strategic Planning & Place.
3. In the case of a public utility service demanding payment before they provide a service, we have no option but to comply. However, as a national company the hazards attendant upon paying a smaller firm in advance are not present and payment should be made in the normal way. In circumstances other than routine pre-payments to public utility services always clarify your proposed course of action with Strategic Planning & Place.
4. If advance payments are requested to cover high procurement costs or high cost/long lead items (eg lifts, works of art, large items of plant, steelworks) it is recommended that this is formalised with an advance performance bond or similar arrangement. Advice should be sought from Legal Services if a request is made.

REFERENCE

[Form E415](#)

CONCLUSION

NOTE:

THIS DIRECTIVE IS APPLICABLE TO THE MAJORITY OF SCHEMES BUT IT WILL NOT NECESSARILY BE APPROPRIATE TO ALL WORKS AND THEREFORE ON EACH SCHEME IT WILL BE NECESSARY TO CHECK THE SPECIFIC REQUIREMENTS.