

Schedule 18 (Prompt Payment)

1. Definitions

- 1.1 In this Schedule, the following words shall have the following meanings and they shall supplement Schedule 1 (*Definitions*):

"Unconnected Sub-contract"	any contract or agreement which is not a Sub-contract and is between the Supplier and a third party (which is not an Affiliate of the Supplier) and is a qualifying contract under regulation 6 of The Reporting on Payment Practices and Performance Regulations 2017; and
"Unconnected Sub-contractor"	any third party with whom the Supplier enters into an Unconnected Sub-contract.

2. Visibility of Payment Practice

- 2.1 If this Contract has at the Effective Date an anticipated contract value in excess of £5 million per annum (including VAT) averaged over this Contract Period and without prejudice to Clause 4.6 and Clause 8.2.3, the Supplier shall:
- 2.1.1 pay any sums which are due from it to any Sub-contractor or Unconnected Sub-contractor pursuant to any invoice (or other notice of an amount for payment) on the earlier of:
 - (a) the date set out for payment in the relevant Sub-contract or Unconnected Sub-contract; or
 - (b) the date that falls sixty (60) days after the day on which the Supplier receives an invoice (or otherwise has notice of an amount for payment); and
 - 2.1.2 pay all sums which are due from it to any Sub-contractor or Unconnected Sub-contractor pursuant to any invoice (or other notice of an amount for payment) within an average of fifty-five (55) days or less after the day on which the Supplier receives an invoice (or otherwise has notice of an amount for payment); and
 - 2.1.3 include within the Supply Chain Information Report a summary of its compliance with this Paragraph 2.1, such data to be certified every six months by a director of the Supplier as being accurate and not misleading.
- 2.2 If any Supply Chain Information Report shows that in either of the last two six month periods the Supplier failed to pay 95% or above of all Sub-contractor or Unconnected Sub-contractor invoices (or other notice of an amount for payment) within sixty (60) days of receipt, or the Supplier's average payment days is greater than fifty-five (55) days after the day on

which the Supplier received an invoice (or otherwise had notice of an amount for payment), the Supplier shall provide to the Buyer within 15 Working Days of submission of the latest Supply Chain Information Report an action plan (the "**Action Plan**") for improvement. The Action Plan shall include, but not be limited to, the following:

- 2.2.1 (where relevant) identification of the primary causes of failure to pay 95% or above of all Sub-contractor or Unconnected Sub-contractor invoices (or other notice of an amount for payment) within sixty (60) days of receipt;
 - 2.2.2 (where relevant) identification of the primary causes of failure to pay all Sub-contractor or Unconnected Sub-contractor invoices (or other notice of an amount for payment) within an average of fifty-five (55) days or less after the day on which the Supplier received an invoice (or otherwise had notice of an amount for payment);
 - 2.2.3 actions to address each of the causes set out in Paragraph 2.2.1 and/or 2.2.2; and
 - 2.2.4 mechanism for and commitment to regular reporting on progress to the Supplier's Board.
- 2.3 Where the Supplier fails to pay any sums due to any Sub-contractor or Unconnected Sub-contractor in accordance with the terms set out in the relevant Sub-contract or Unconnected Sub-contract, the Action Plan shall include details of the steps the Supplier will take to address this.
- 2.4 The Supplier shall comply with the Action Plan or any similar action plan connected to the payment of Sub-contractors or Unconnected Sub-contractors which is required to be submitted to the Buyer as part of the procurement process and such action plan shall be included as part of the Supplier's Solution (to the extent it is not already included).
- 2.5 If the Supplier notifies the Buyer (whether in a Supply Chain Report or otherwise) that the Supplier has failed to pay 95% or above of its Unconnected Sub-contractors within sixty (60) days after the day on which the Supplier receives an invoice or otherwise has notice of an amount for payment, or pay all sums which are due from it to any Sub-contractor or Unconnected Sub-contractor pursuant to any invoice (or other notice of an amount for payment) within an average of fifty-five (55) days or less after the day on which the Supplier received an invoice (or otherwise had notice of an amount for payment), or the Buyer otherwise discovers the same, the Buyer shall be entitled to publish the details of the late or non-payment (including on government websites and in the press).