Northern Health and Social Care Trust Board Meeting in Public - Cover Sheet

Subject:	Establishment of Capital Project Bank Accounts		**Date of Meeting:** 23 January 2025	
Prepared By:	Alison Renfrew, Assistant Director, Capital Development			
Approved By:	Paddy Graffin, Director, Infrastructure / Estates Services			
Presented By:	Owen Harkin, Director of Finance			
Purpose				
To approve the establishment of Project Bank Accounts for Capital Projects where construction costs are in excess of £2m (currently this applies to Interim AMLU, Electrical Infrastructure scheme and Birch Hill).			**Approval**	✓
			Assurance	
			Update	
			Noting	
Strategic Objectives				
Build Northern Partnerships and Integrate Care	***Continue to improve Outcomes & Experience***	***Deliver value by optimising Resources***	***Nurture our People, Enable our Talent & Build Our Teams***	***Improve population Health & address health & social care inequalities***
	✓			
Risk – **No risk specifically however this is a DOF guidance note that the Trust must comply with.**				
To ensure appropriate prompt payment is made from main Contractors to Sub-Contractors.	Department of Finance Procurement Guidance Note (PGN) 03/14 requires a Project Bank Account (PBA) for all NI Government construction works contracts that have an estimated construction value in excess of £2 million and which contain a significant subcontracting element. This is likely to apply to all Trust major Capital Development projects, with Interim AMLU being the first projects to require a PBA. A copy of PGN 03/14 is included with this briefing paper for your information. As detailed within the PGN, paragraph 2.2, *"poor payment practices [by contractors] place unreasonable burdens on lower tier Subcontractors to provide finance for the work of higher tier Subcontractors and the Main Contractor. Subcontractors are also exposed to risks of default or insolvency of the Main Contractor. Insolvency of a Main Contractor often leads to a domino effect in the supply chain where, upon entering administration, its Subcontractors become exposed to the risk of insolvency."* PBAs are therefore required to mitigate the financial burden and risk to subcontractors during the course of large construction projects. A PBA is set up as a ring-fenced bank account to hold monies "in trust" that are directly payable to a main contractor and its subcontractors/suppliers. The account is held in the name of the Trust and the main contractor. All PBAs will be single-authority with only Trust instructing payments. The Trust, who			

	will manage the PBA, will act on behalf of all parties in administering the account and making all payments.	

Committees/groups where this item has been presented before

N/A.

Acronyms

PGN - Department of Finance Procurement Guidance Note
PBA – Project Bank Account
AMLU – Antrim Midwifery Led Unit
PPTA - Person Purporting to Act
BOI – Bank of Ireland
DoH – Department of Health
HE – Health Estates

Executive Summary

Requirements to comply with PGN 03/14:

Person Purporting to Act (PPTA)
In order to set up a PBA, the Trust must nominate and authorise a Person Purporting to Act (PPTA) on behalf of the Trust.

The PPTA is responsible for:
- Requesting the opening of all PBAs once the tender has been awarded.
- Providing certified photographic identification and address verification documents for themselves to Bank of Ireland (BOI). The PPTA needs to give permission in accepting the role of PPTA, and that they agree to share this personal information with BOI for this purpose.
- Providing a copy of the board resolution to BOI confirming that they are authorised to act on behalf of the Trust.
- Making a written request for a PBA to BOI. The letter should be on Trust Headed Paper and include the following information:
    - Full name of account required
    - Short name of account to meet BOI system requirements
    - Source of initial funds and source of ongoing funds
    - Frequency of Transactions
    - Volume of Transactions
    - Average value of Transaction
    - Details of who regular transactions will be made to
    - Details of who regular transactions will be received from

The request letter needs to be signed by two Trust Directors. The bank have confirmed that the PPTA can be one of the signatories to that letter.

The Trust Standing Financial Instructions (section 6.2) state that "the Director of Finance is responsible for:
(a) the operation of bank accounts;
(b) establishing separate bank accounts for the non-public funds administered by the Trust".

The Director of Finance is therefore the most appropriate person to act as the PPTA for all PBAs.

On receipt of the letter, BOI will advise the Trust of the information required to open a PBA at that point in time. Note that due to ongoing changes to banking regulations, these requirements may change.

At the current time the information required is:

Trust Deed (HP1)
This document will be issued to the Trust by Health Estates (HE) after it is confirmed by HE that a PBA will be required for a capital project. A HP1 is required under the terms of the construction contract, and is the agreement between the Trust and Contractor to enter into a PBA for payment of the Contractor and Named Suppliers. See **Appendix 1** for a blank HP1 form for your information.

PBA Business Account application form
This form requires a full list of the 2 Directors of the Trust along with date of birth, postcode and country of residence. As this was recently provided for BOI for the updated Trust mandate, this information does not need to be provided again at this stage but may need to be updated in future applications and on appointment/resignation of new Directors. The signatories for the PBA will be same as that of the existing Trust mandate.

Process for payments made from PBA
The governance, control and assurance processes currently in place to process construction payments will remain unchanged. This includes Health Estates (DoH) verification and recommendation for all payments, prior to internal review and approval of the Capital Development team. The change that PBAs will introduce is that, rather than the Trust only paying the main contractor for a project (who will then pay their subcontractors), the Trust will now make payment directly to both the main contractor and their subcontractors/suppliers whose subcontract has a value in excess of 1% of the main contract value.

The main contractor and subcontractors/suppliers verified and certified for payment from the PBA will be recorded in the signed and sealed Trust Deed. Should new eligible suppliers/subcontractors be appointed during construction, they will sign a Joining Deed when appointed.

Internal processes will be put in place to ensure adequate funds are available in the PBA to cover the anticipated value of payments.

Current Need
HE have confirmed that the Trust should now move to establish a PBA for the AMLU at Antrim Area Hospital and we assume the same will apply for Electrical Infrastructure scheme and Birch Hill.

Summary Of Actions Moving Forward
1.ExT to approve the establishment of a Project Bank Account for Interim AMLU, Electrical Infrastructure scheme and Birch Hill.
2. Retrospective of approval at Trust Board in January 2025.

Appendix 1

Project Bank Account - Trust Deed (Form HP1)

This agreement is made between the *Employer*[1], the *Contractor*[2] and the Named Suppliers[3].

Terms in this deed have the meanings given to them in the contract between

Northern Health and Social Care Trust (*Employer*) and

XX Ltd (*Contractor*) for

xx Health and Care Centre (the Works).

Background

The *Employer* and the *Contractor* have entered into a contract for the Works.

The Named Suppliers have entered into contracts with the *Contractor* in connection with the Works.

Agreement

The parties to this deed agree that:

- the Employer will open and manage a Project Bank Account to make provision for payment to the Contractor and the Named Suppliers. The Employer may close the Project Bank Account when it considers it is no longer required
- sums due to the *Contractor* and Named Suppliers, as set out in the Authorisation (Form PBA-HP3), are held in trust in the Project Bank Account managed by the *Employer* trustee on behalf of the other trustees. These funds will be distributed to the *Contractor* and Named Suppliers in accordance with the banking arrangements applicable to the Project Bank Account;
- further Named Suppliers may be added as parties to this deed with the agreement of the *Employer* and *Contractor*. The agreement of the *Employer* and *Contractor* is treated as agreement by the Named Suppliers who are parties to this deed;
- this deed is subject to the law of the contract for the Works; and
- the benefits under this deed may not be assigned.

Executed by the *Employer* under seal as a deed on (date): _____

witnessed by:

Signature: ________________________________ Position[4]: _____

Signature: ________________________________ Position[4]: _____

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[1] The Employer is also known as the Client or the Contracting Authority.

[2] The Contractor is the Main Contractor.

[3] A Named Supplier is a person or organisation who has a contract to: construct or install part of the Works; provide a service necessary to Provide the Works; or supply Plant and Material for the Works.

[4] To be witnessed by an appropriate person in accordance with the scheme of delegation of the Health Trust / NIFRS / NIAS.

Executed by the *Contractor* under seal as a deed on (date): _____

by:

LS Signature: ________________________________ Position[5]: _____

and/witnessed by:

Signature: ________________________________ Position: _____

Bank details of *Contractor* named above:

Account Name: _____

Bank Name: _____

Sort Code (6 digits: xx-xx-xx): _____

Account No. (8 digits): _____

List of Named Suppliers included in this deed initially[6]

Supplier No.	Supplier Name
______	____
______	____
______	____
______	____
______	____

[5] To be signed by a director of a limited company (authorised to do so) or partner of a partnership (authorised to do so) or an individual sole trader or an individual appointed by the firm.

[6] Named Suppliers not included initially will have to join using the Joining Deed (HP2). Cross out unused lines before signature and ensure a Named Supplier page is attached for each supplier.

Named Suppliers[7]

Supplier No.: _____

Executed by (name of company): _____

under seal as a deed on (date): _____

by

LS Signature: ______________________________ Position[8]: _____

and/witnessed by:

Signature: ______________________________ Position: _____

Bank details of Named Supplier above:

Supplier (name of company): _____

Account Name: _____

Bank Name: _____

Sort Code (6 digits: xx-xx-xx): _____

Account No. (8 digits): _____

[7] A Named Supplier is a person or organisation who has a contract to: construct or install part of the Works; provide a service necessary to Provide the Works; or supply Plant and Material for the Works.

[8] To be signed by a director of a limited company (authorised to do so) or partner of a partnership (authorised to do so) or an individual sole trader.

We provide compassionate care with our community, in our community