

Subcontractors - Late Payments: Still Biggest Threat!

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It is pleasing to note that *“large companies will be required to publish details on how quickly they pay their suppliers, under draft regulations released by Small Business Minister Margot James”* (Construction Enquirer 6/12/2016). Although a year later than originally promised, it is still pleasing nonetheless. We must wait to see if payment practices improve because of these regulations. However, we at the Confederation of Construction Specialists are sceptical and not convinced. The onus is on the main contractor to improve bad practice because they must report twice yearly on their payment practices under the ‘Duty to Report Rule’. However, main contractors already know of the hardship they cause and being deterred because they should report it does not seem like a deterrent at all.

Late payment practices are still prevalent in the construction sector; causing incredible hardship to subcontractor businesses. Which is why, according to the recent BIBBY Financial Services Subcontracting Growth report, *“27% say that late payment is the biggest threat to their business over the next 12 months...with, on average, subcontractors waiting 42 days for payment from main contractors”*. Other depressing findings from the report are that only *“29% of firms say they ‘always’ get paid the full amount they bill contractors for. One in five (19%) says they don’t thoroughly check contracts before they sign them – truly depressing. A third (35%) say they would benefit from support in relation to employment law and legislation and 38% say construction contracts are too complex to understand, with over a quarter (27%) say they require support checking contracts.”*

For over thirty years the Confederation of Construction Specialists has been championing the subcontractor and highlighting bad payment practices, which is why it is disheartening to hear that subcontractors are not helping themselves. Not thoroughly checking contracts is inexcusable and probably means that staff within those businesses have not been on suitable contractual training courses to understand the liabilities of the contract. Furthermore, support in relation to employment law and legislation, contract checking and understanding contracts, is available from the Confederation of Construction Specialists. Subcontractors should consider booking onto our courses which cover all aspects of contractual training, and also become members of the confederation and gain access to a wealth of knowledge and experience on contracts and other matters. Help and support is out there, subcontractors should make use of it!

For over 30 years the Confederation of Construction Specialists has been supporting construction specialist companies. By providing up-to date relevant contract training courses, professional advice and contractual guidance, the Confederation of Construction Specialists enables specialist companies to optimise the ways in which they operate contractual arrangements when dealing with main contractors or clients.

Gerald Kelly- General Manager

Confederation of Construction Specialists