



For Immediate Release - 26 January 2018

The Confederation of Construction Specialists has noted that the Construction Products Association, CECA and Build UK are calling on the Government to abolish the practice of retention in the construction industry by 2025.

Although the Confederation of Construction Specialists applauds the intention, we do not agree that waiting until 2025 is warranted. Abolishment of this outdated and detrimental practice should be immediate. Therefore, we call on the government to abolish retentions immediately and to introduce the appropriate legislation to do so.

The retention issue has been “kicked further down the road” for over 50 years and this needs to stop. The Banwell report (1962) recommended the abolition of retentions, the Latham report (1994) recommended that cash retentions should be protected in a trust account, and the government’s own Business Select Committees (2002 & 2008) recommended phasing out cash retentions.

There are already alternatives available for cash retentions such as Retention Bonds, Performance Bonds and Sub-Contractors Collateral Warranties.

Additionally, Project Bank Accounts (PBAs) are already being widely used on government projects to assure certainty and securement of payment. Therefore, making the use of PBAs on all suitable projects mandatory could be a first interim step to improve the industry’s payment culture.

The then Minister for the Cabinet Office, Francis Maude, said back in 2012 in a Cabinet Office Briefing document – Project Bank Accounts: “We are leading the way with this innovative approach to paying smaller suppliers, and where better to do so than in an industry where more than 99 per cent of businesses are SMEs. Project Bank Accounts means SMEs will be paid faster, freeing them of the burden of juggling with their cash and allowing them to focus on expanding their businesses instead of chasing payments.” The document continued - PBAs not only assure certainty and security of payment; they also ensure that payment is made promptly. It is estimated that if fully implemented PBAs can deliver almost 1% savings in the cost of construction projects.

Notes to Editors:

Confederation of Construction Specialists provides a focused voice for specialist companies, in all construction sectors, to achieve greater fairness in the distribution of financial and contractual risk.

Since 1983 the confederation has been campaigning; providing legal and contractual advice; and developing and delivering professional contractual training to empower its members and the wider construction community to optimise contractual arrangements when dealing with main contractors and clients.

For further information about the Confederation of Construction Specialists, use the following Link www.constructionspecialists.org