

18 December

Dear members

We have received advice from Kevin Badcock, our Honorary Solicitor, that he has recently noticed a distinct move, in some circles, for Head Contractors to be making spurious deductions from subcontract payment claims.

Kevin suspects this is happening, because some Head Contractors are feeling the squeeze on some jobs that are not performing well and that they are using subcontractor's funds to augment their cash flow?

Subcontractors need to be vigilant in this regard, so that short payments don't just fall by the way side and adding up, by the end of the job, to a potentially large amount. Apart from the obvious harm to your cash flow, this starts becoming more difficult to recover, the closer you get to the end of the job.

Kevin is unsure as to what is happening with retentions under the new CCA regime. If subcontractors have errant payers and have concerns about retention deductions, they can invoke their rights under *S 18FC* of the CCA, and ask to inspect their accounting and other records.

***S 18FC(4) provides: Party A must make the accounting and other records available for inspection by party B at all reasonable times and without charge.***

Kevin's advice is a timely reminder that debtor management is a strong component of any good business. 2018 looks set to be busy across the whole construction sector and protecting cashflow is vital.

I would like to wish all members of STCF a Happy and Safe Christmas and look forward to a busy and prosperous New Year.

Best wishes



Graham Burke