



“Can Pay, Won’t Pay” constructors are putting jobs and recovery at risk as industry leaders defy government pledge

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Startling new evidence reveals that leading UK construction companies are hanging on to public money, costing jobs and putting economic recovery at risk by not paying their specialist sub-contractors on time, despite having promised to look after their supply chains.

This “Can Pay, Won’t Pay” approach is costing thousands of jobs as small firms go bust across the UK, and risks squandering the economic boost from any increased government investment in infrastructure.

“If the government tries to boost the economy by investing in infrastructure, then the money will be diverted to investors and executives, and will not flow down to the people who need it most. The smaller, specialist contractors who do the actual work are just not getting paid, and they expect it’s only going to get worse,” says Barry Ashmore, the leading construction dispute advisor, and founder of the professional support network StreetwiseSubbie.

Industry best practice is to pay suppliers within 30 days. And UK central government supports this by paying main contractors within 10 days and by insisting that companies winning multi-million pound public sector contracts must pay their supply chain within 30 days.

There are over 600 UK Central Government construction projects alone, worth more than £40bn over the next four years. And the construction industry is lobbying for more infrastructure spending to be used as a lever to create economic growth.

In two separate research programmes, specialist contractors report that:

- Overall, just 5% are being paid within the industry standard of 30 days (1)
- On public sector contracts, just 44% are now being paid within 30 days, despite this being written into contracts (1)
- 97% report being treated unfairly by main contractors (2)
- 89% report being paid late, 73% say that variations are not paid for properly and 65% say they have to accept being recompensed less than they should. (2)

“Many big companies signed up to the pledge to pay promptly, happy to take big plaudits for good PR and to avoid further scrutiny but it seems they just signed up to the Can Pay, Won’t Pay club,” added Barry. “They’re being given the money, but just aren’t passing it on. It’s completely unacceptable.

“If the government is going to get the economy going by spending public money on infrastructure, then it has to once again force the construction industry to clean up its act. By main contractors hanging on to government cash, and not paying their contractors, tens of thousands of jobs are lost at the expense of big company profits, share prices and executive bonuses.”

Barry Ashmore (Dip Law Dip Arb FCI Arb MCMi) has more than 20 years’ experience advising specialist sub-contractors, on complex contractual matters, and negotiating and adjudicating on their behalf with main contractors. He is also the founder of StreetwiseSubbie.com, the nationwide network of professionals and online advice service for specialist sub-contractors.

For more information please contact Barry on (barry@streetwisesubbie.com) or (01773 715062) Notes to Editors: 1 - Source: National Specialist Contractors’ Council quarterly survey. 2 – Source: StreetwiseSubbie survey

