

StreetwiseSubbie.com

State Of The Industry Survey

October 2014

A Survey of 216 Specialist Sub-Contractors

In The UK Construction and Engineering Industries



The StreetwiseSubbie State of The Industry Survey 2014

Another year on and our 3rd Annual State of the Industry Survey has produced another very credible set of data with 216 specialist Contracting companies providing information.

Once again the survey has collected vital information which shows the true state of the payment practices affecting Specialist Contractors in the UK Construction and Engineering industries. This is our third national survey and we have responses from a broad spectrum of Specialist Contractors, with 78% being firms with a turnover in excess of £1million and some 14% are in the £5million plus bracket.

This year's survey confirms that there has been no significant improvement in the dire payment situation that the UK construction industry continues to face.

The promises of 'help' for small businesses from the Government and the introduction of half-hearted schemes such as the Prompt Payment Code, "Name and Shame" and the introduction of the "Construction Supply Chain Charter" are all proving to be toothless tigers!

The StreetwiseSubbie survey has revealed that the Government's 30 day payment promise on publically funded projects is not being seen through, with a staggering 94.9% of Specialist Contractors being paid in excess of 30 days, and some 4.7% having to wait longer than 90 days.

In particular the latest "Construction Supply Chain Charter" drew 42 comments almost all suggesting that it would not work in practice. Typical comments being;

"Worthless piece of paper that all the major mc payment abusers have ignored."

"... in reality hardly ever works the way it's intended to."

"Supply chains are rarely monitored and clients that may question it are normally fobbed off with meaningless guarantees from main contractors."

No real surprise therefore that 84% of respondents thought that the remedies available to get paid the correct amount and on time, such as the Construction Act, adjudication or litigation are unsuitable, do not work, and need changing.

And sadly no surprise either that according to the Office of National Statistics' figures; in the 12 months ending Q3 2013, the highest number of liquidations was in the construction sector at 2,819. A bleak picture which regrettably adds to the 5,000 construction insolvencies between Q3 2010 and Q2 2012 (figures from PwC).

The continued poor payment practices and ruthless unfair treatment of Specialist Contractors identified by our survey has to be stopped for the good of the industry as whole, and to help ensure the UK's economic recovery.

So, what's to be done about it?

StreetwiseSubbie.com Ltd exists to help all Specialist Contractors regardless of size or specialisation. We are working with a range of organisations and private practices and are developing our nationwide support network.

We are available to work with anyone who shares our passion for the Construction and Engineering Industries and supports the fair treatment of everyone in the supply chain.

We can be contacted as follows;

Call us on: +44 (0)1773 712116 Fax us on: +44 (0)1773 719455

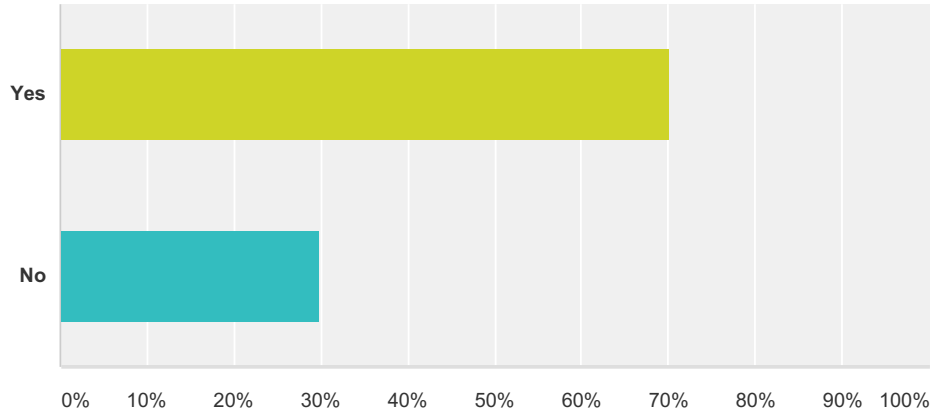
Email us at: info@streetwisesubbie.com Web: www.streetwisesubbie.com

Or write to us at:

Streetwisesubbie.com Ltd, Shanakiel, 17 Ilkeston Road, Heanor, Derbyshire DE75 7DR

Q1 Did you know that in the UK government says that Specialist Sub-Contractors working on certain public sector contracts should be paid within 30 days?

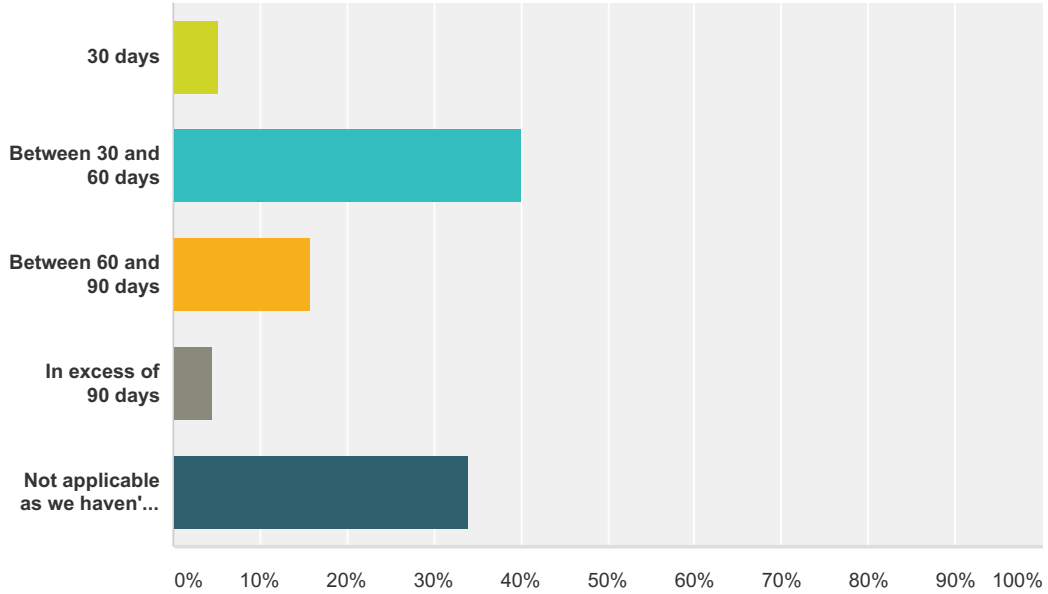
Answered: 214 Skipped: 2



Answer Choices	Responses
Yes	70.09% 150
No	29.91% 64
Total	214

Q2 If you have worked on public sector contracts in the last 12 months, how quickly have you been paid?

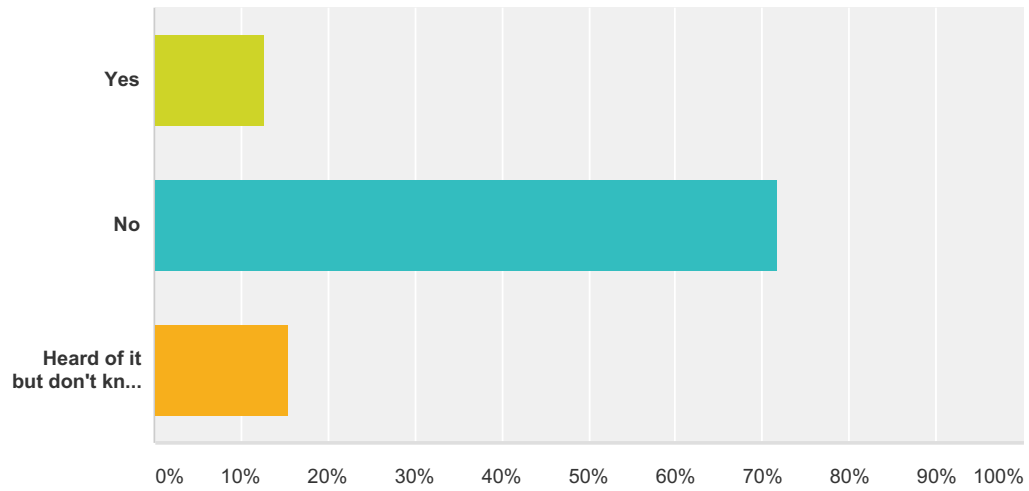
Answered: 214 Skipped: 2



Answer Choices	Responses	
30 days	5.14%	11
Between 30 and 60 days	40.19%	86
Between 60 and 90 days	15.89%	34
In excess of 90 days	4.67%	10
Not applicable as we haven't worked on public sector projects	34.11%	73
Total		214

Q3 Are you aware of / familiar with the UK Government's "Mystery Shopper Service" in respect of public sector contracts?

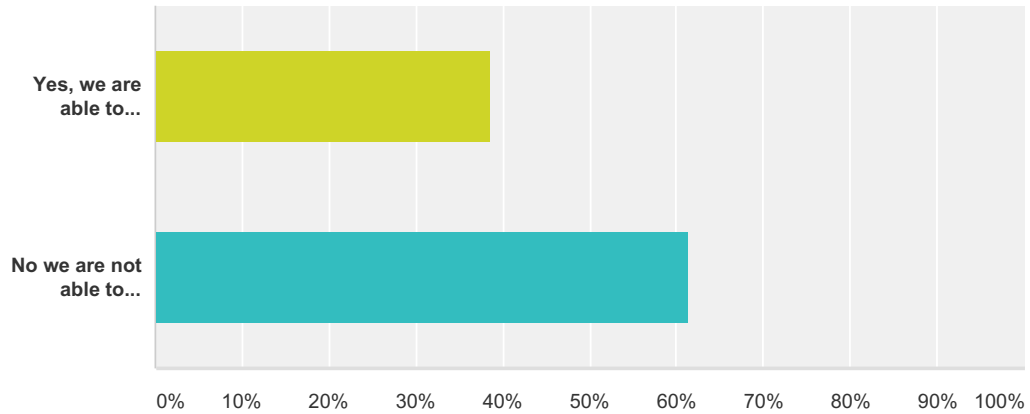
Answered: 213 Skipped: 3



Answer Choices	Responses
Yes	12.68% 27
No	71.83% 153
Heard of it but don't know what it does	15.49% 33
Total	213

Q4 When you enter into the contract with the main contractor (on either public or private sector contracts) do you feel able to challenge payment terms that are longer than 30 days?

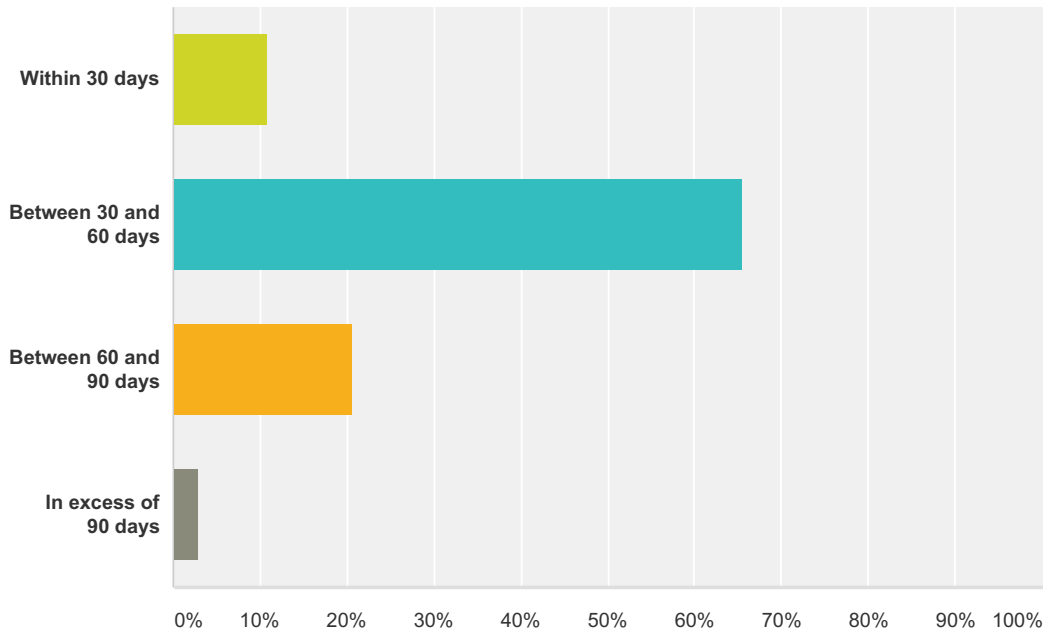
Answered: 204 Skipped: 12



Answer Choices	Responses
Yes, we are able to successfully challenge this	38.73% 79
No we are not able to challenge this	61.27% 125
Total	204

Q5 In general on private sector contracts, how quickly on average do you get paid?

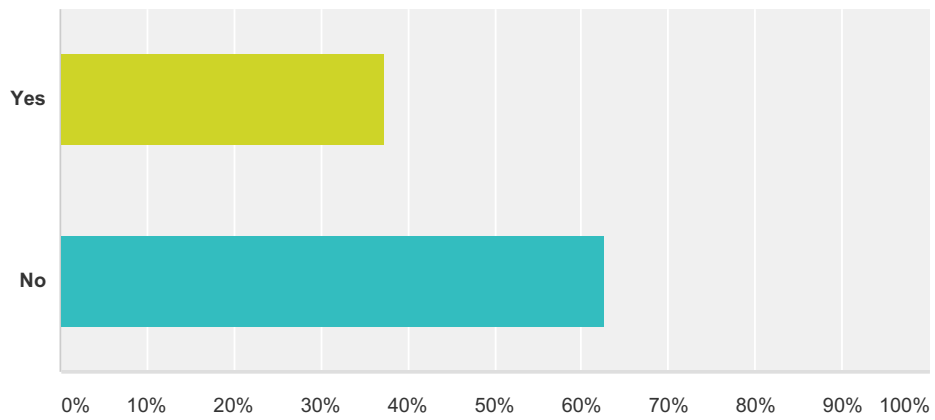
Answered: 212 Skipped: 4



Answer Choices	Responses	
Within 30 days	10.85%	23
Between 30 and 60 days	65.57%	139
Between 60 and 90 days	20.75%	44
In excess of 90 days	2.83%	6
Total		212

Q6 Have you heard of the Construction Supply Chain Payment Charter

Answered: 214 Skipped: 2



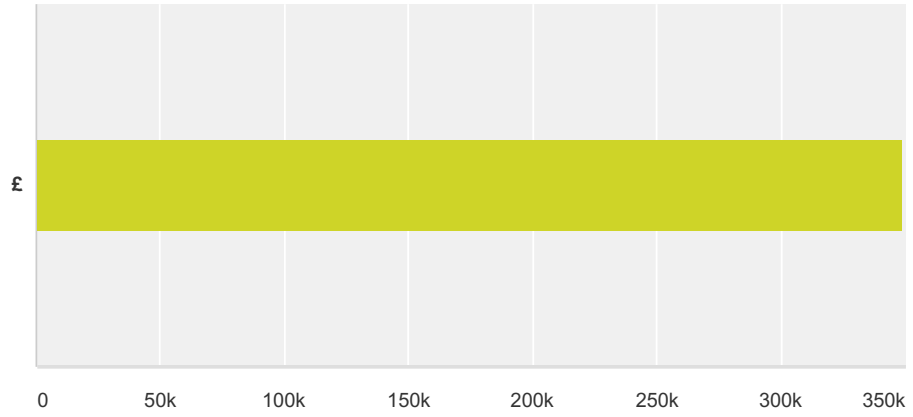
Answer Choices	Responses
Yes	37.38% 80
No	62.62% 134
Total	214

Q7 Please tell us your views or experiences of reverse factoring payment schemes. E.g those schemes that require you to pay a fee to be paid early.

Answered: 151 Skipped: 65

Q8 What is the current value of overdue payments owed to your business?

Answered: 200 Skipped: 16



Answer Choices	Average Number	Total Number	Responses
£	349,352	69,870,375	200
Total Respondents: 200			

Q9 Approximately what is this as a percentage of all payments currently due to you?

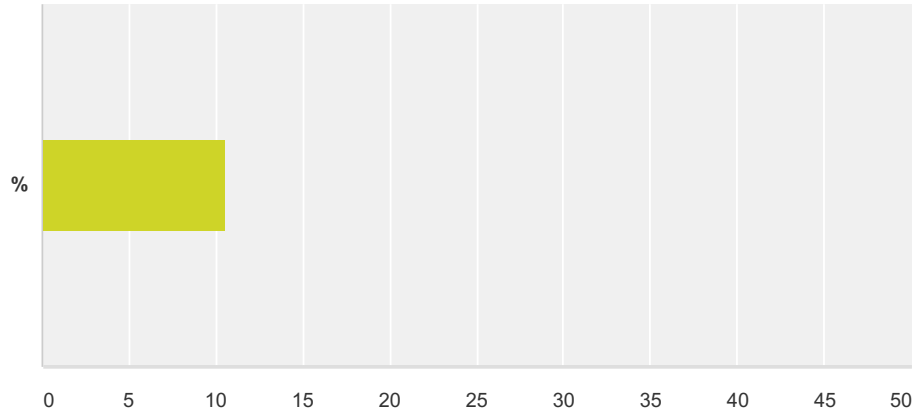
Answered: 201 Skipped: 15



Answer Choices	Average Number	Total Number	Responses
%	11,230	2,257,209	201
Total Respondents: 201			

Q10 On approximately what percentage of late payments are you able to charge interest in accordance with the Late Payment of Commercial Debts Regulations?

Answered: 195 Skipped: 21



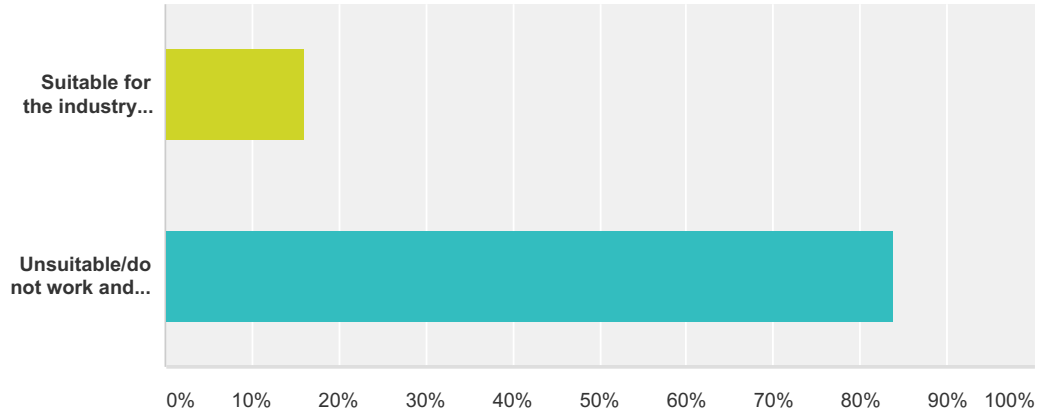
Answer Choices	Average Number	Total Number	Responses
%	11	2,053	195
Total Respondents: 195			

Q11 If you do not charge interest on late payment in accordance with the regulations why not?

Answered: 175 Skipped: 41

Q12 Do you think that the remedies available to get paid the correct amount and on time, such as the Construction Act, adjudication or litigation are;

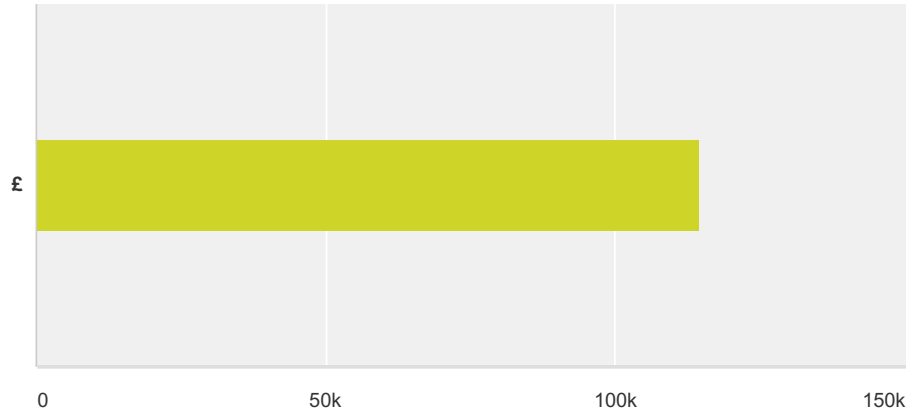
Answered: 194 Skipped: 22



Answer Choices	Responses
Suitable for the industry and do not need changing	15.98% 31
Unsuitable/do not work and need changing	84.02% 163
Total	194

Q13 How much is currently due to you in respect of retentions held?

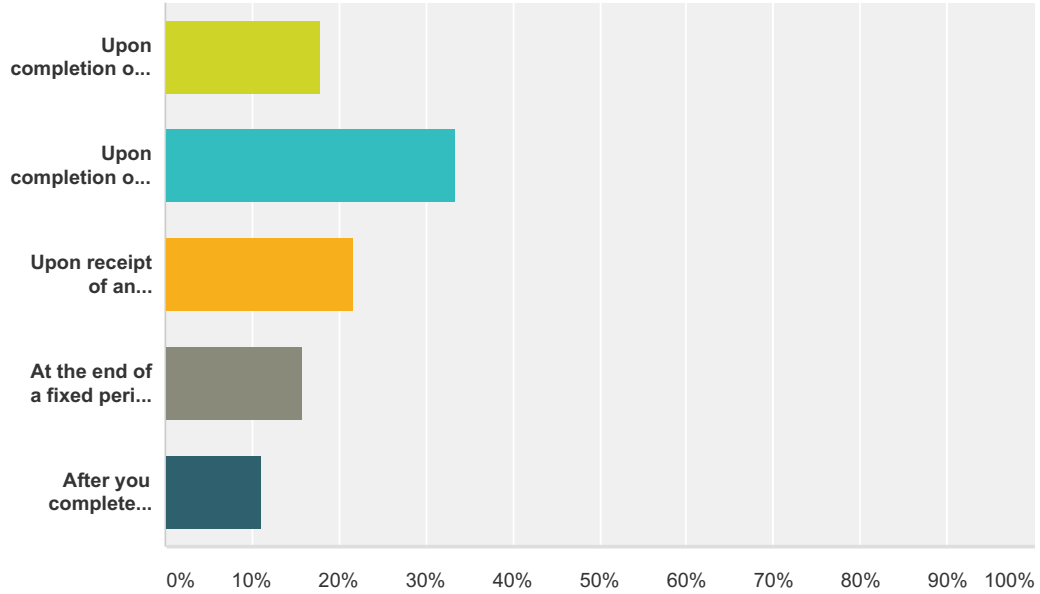
Answered: 196 Skipped: 20



Answer Choices	Average Number	Total Number	Responses
£	114,588	22,459,274	196
Total Respondents: 196			

Q14 From your experience, what is the mechanism most used for release of the first part of retention to you?

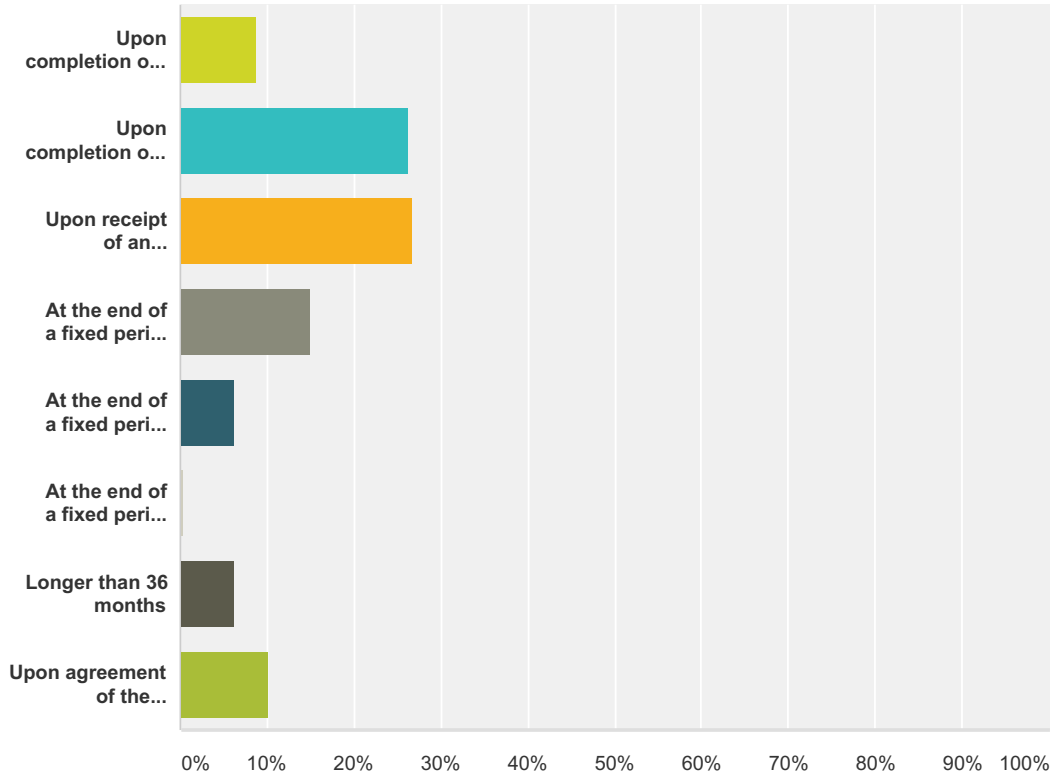
Answered: 207 Skipped: 9



Answer Choices	Responses
Upon completion of the Sub-Contract	17.87% 37
Upon completion of the Main-Contract	33.33% 69
Upon receipt of an Architect's Certificate (PC)	21.74% 45
At the end of a fixed period of time	15.94% 33
After you complete defects in a list given to you	11.11% 23
Total	207

Q15 From your experience, what is the mechanism most used for release of the final part of retention to you?

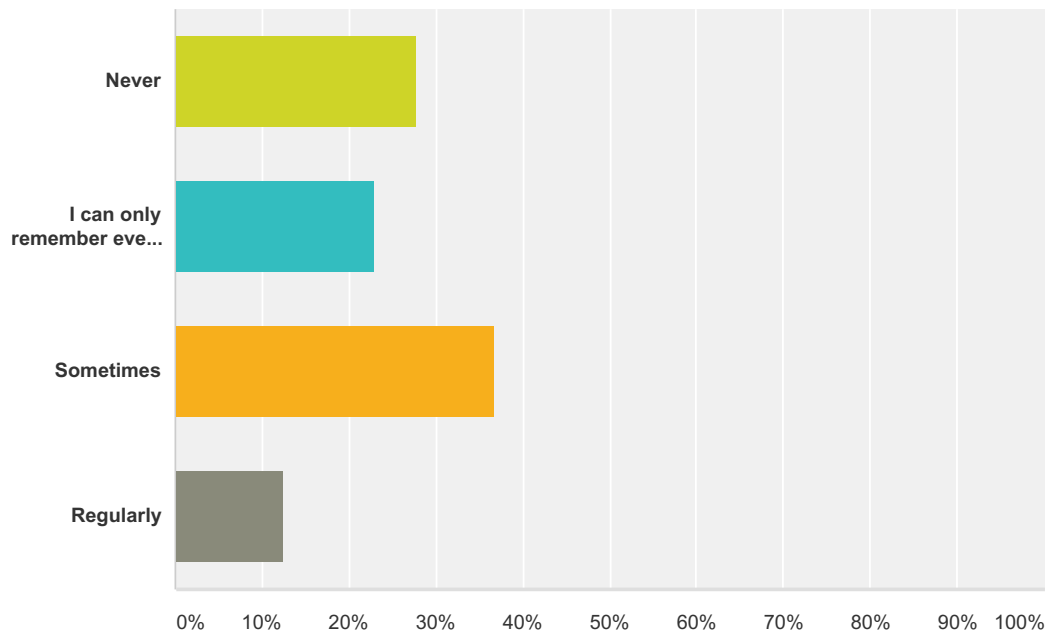
Answered: 206 Skipped: 10



Answer Choices	Responses
Upon completion of the Sub-Contract defects after 12 months	8.74% 18
Upon completion of the Main-Contract defects after 12 months	26.21% 54
Upon receipt of an Architect's Certificate (Making Good or Final Cert)	26.70% 55
At the end of a fixed period of time of 12 months	15.05% 31
At the end of a fixed period of time of 24 months	6.31% 13
At the end of a fixed period of time of 36 months	0.49% 1
Longer than 36 months	6.31% 13
Upon agreement of the Sub-Contract final account	10.19% 21
Total	206

Q16 Do you ever write off monies owed to you in retention?

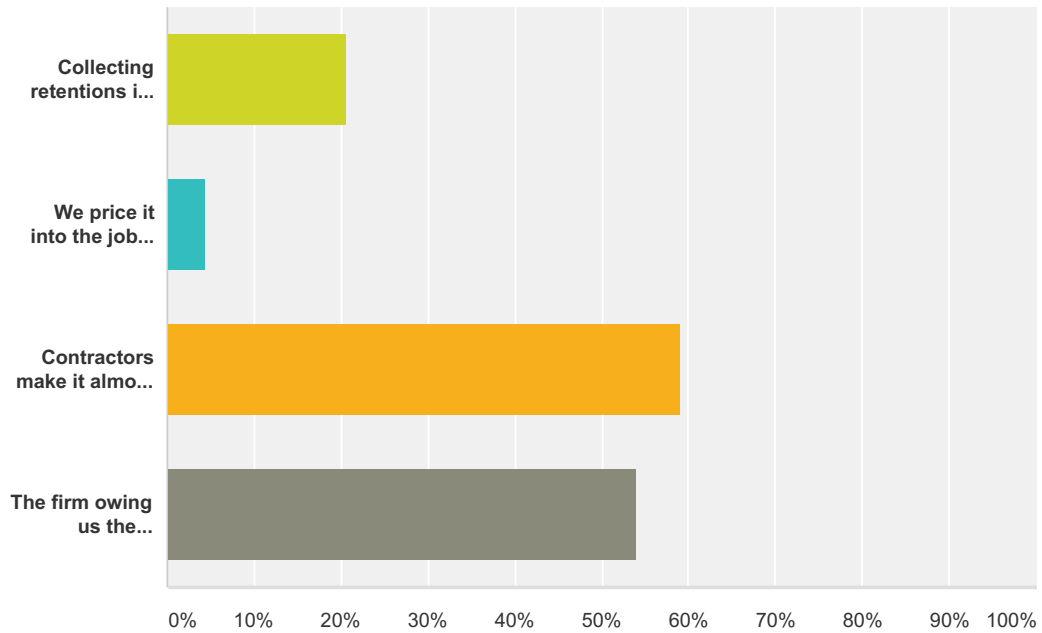
Answered: 209 Skipped: 7



Answer Choices	Responses
Never	27.75% 58
I can only remember ever doing it once or twice	22.97% 48
Sometimes	36.84% 77
Regularly	12.44% 26
Total	209

Q17 If you have written off monies owed to you in retention what are the reasons why?

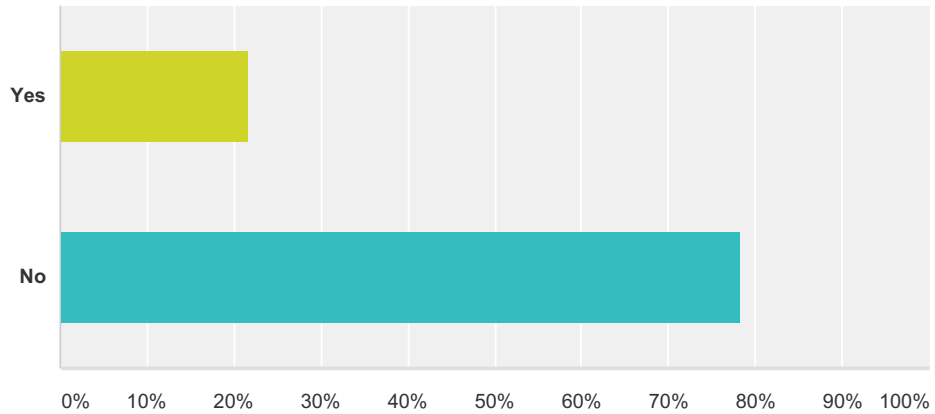
Answered: 159 Skipped: 57



Answer Choices	Responses	Count
Collecting retentions is an expensive waste of our resources	20.75%	33
We price it into the job and therefore do not expect to collect it	4.40%	7
Contractors make it almost impossible to collect	59.12%	94
The firm owing us the retention has become insolvent	54.09%	86
Total Respondents: 159		

Q18 If you are a member of a Trade Association do you think that they are doing enough to support you as their member in respect of late payments and retention?

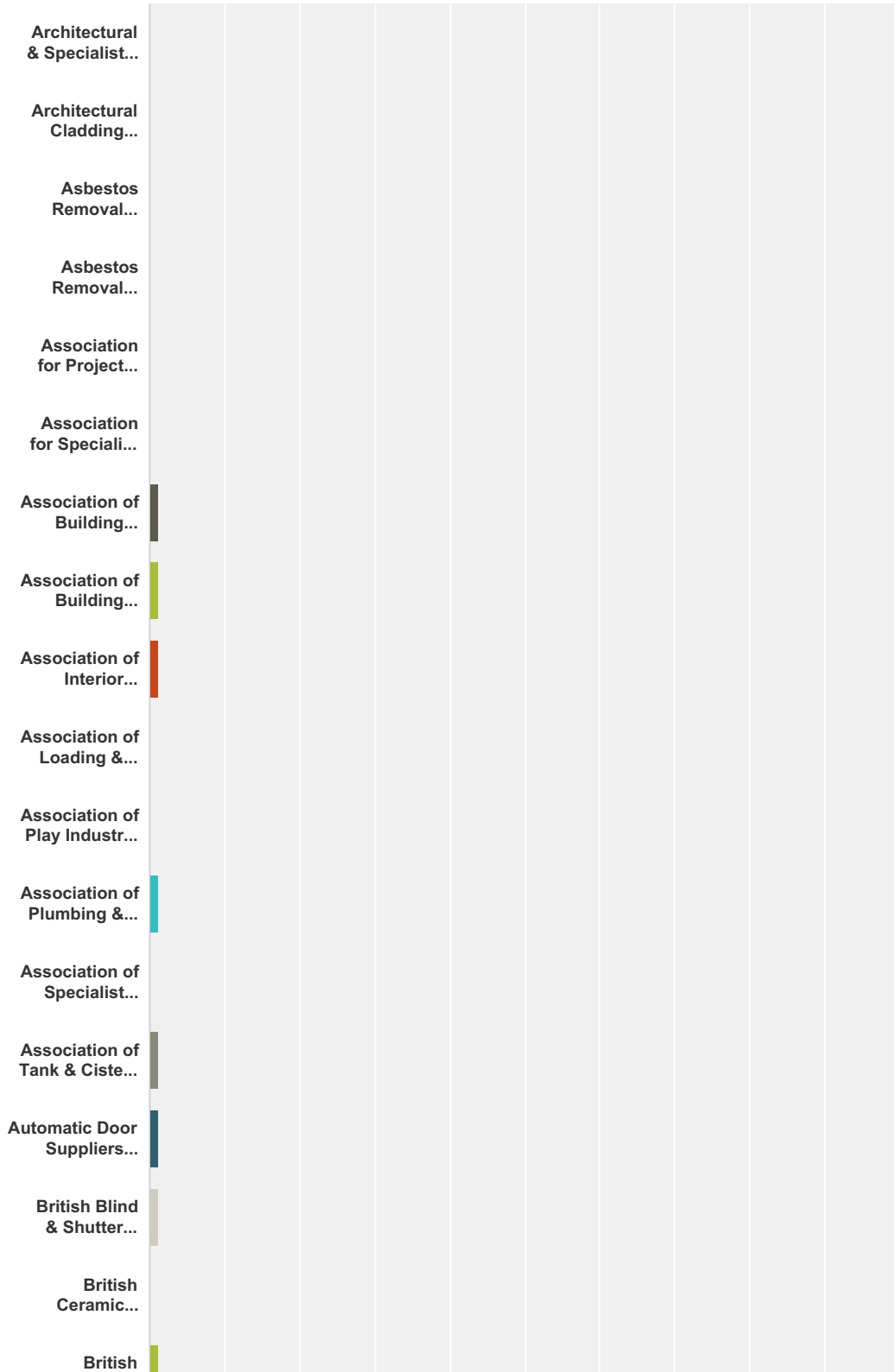
Answered: 148 Skipped: 68



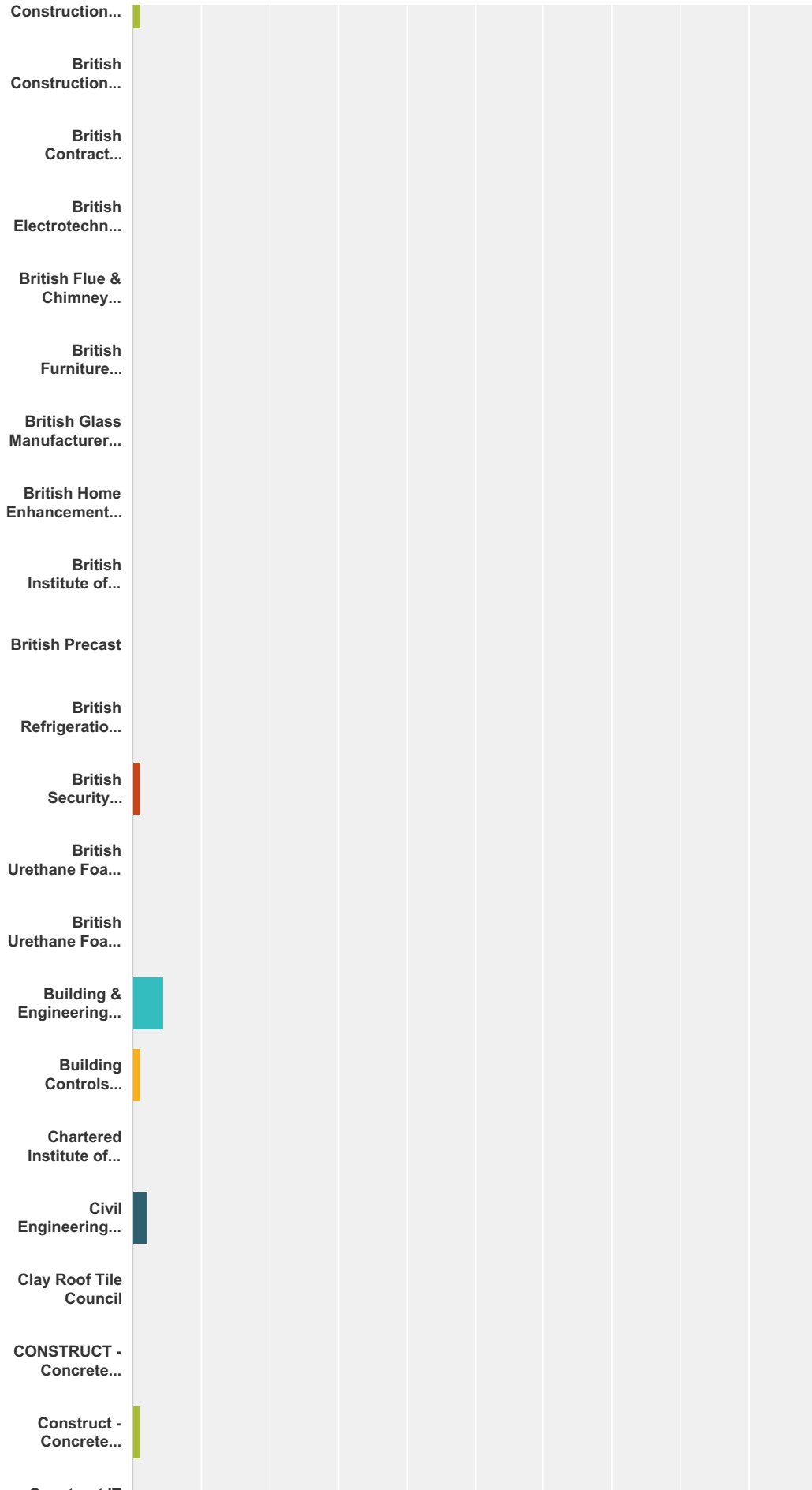
Answer Choices	Responses
Yes	21.62% 32
No	78.38% 116
Total	148

Q19 If your answer to the above was "No" would you please tell us which Trade Association you belong to, bearing in mind this is an anonymous survey?

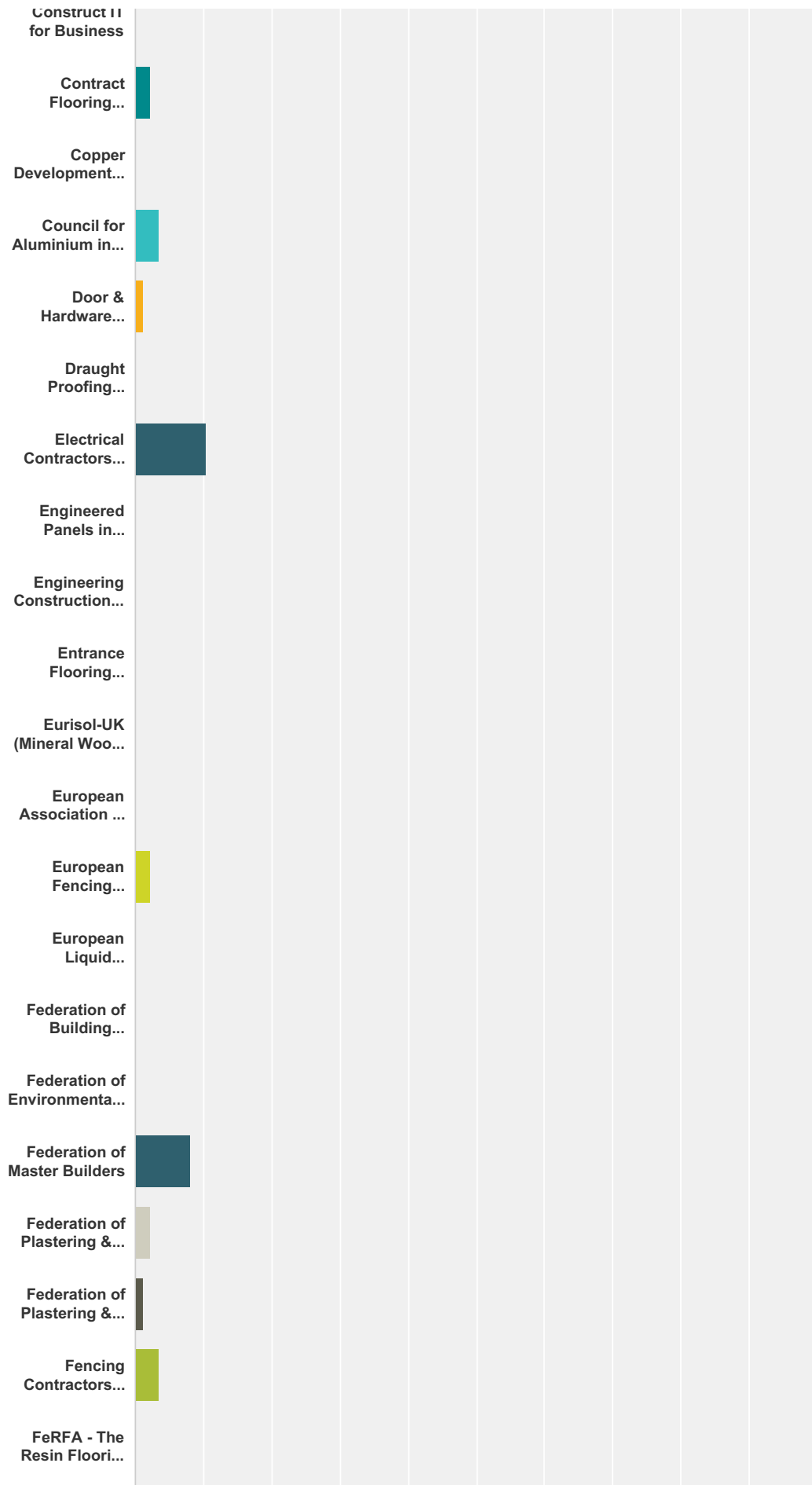
Answered: 86 Skipped: 130



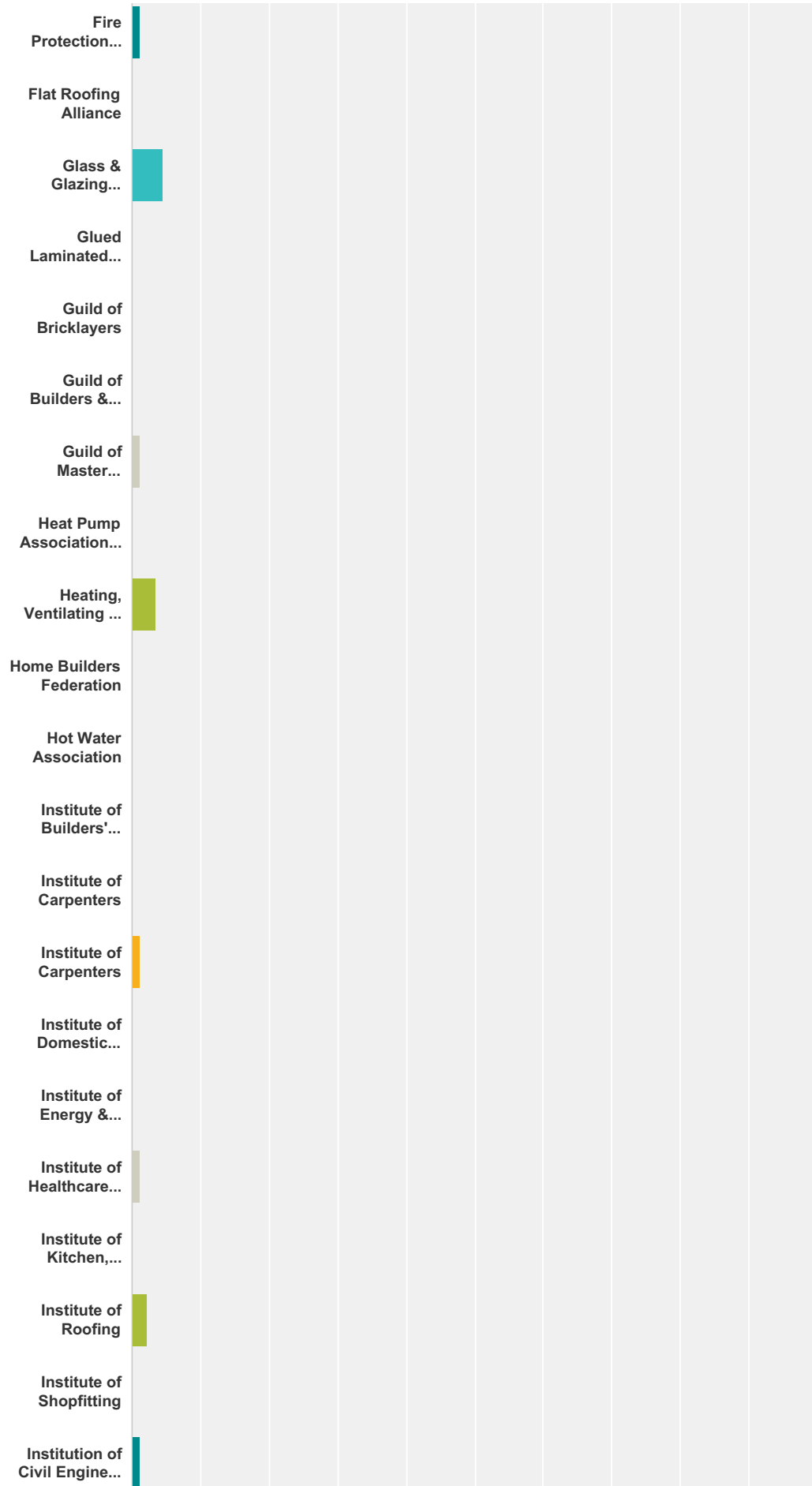
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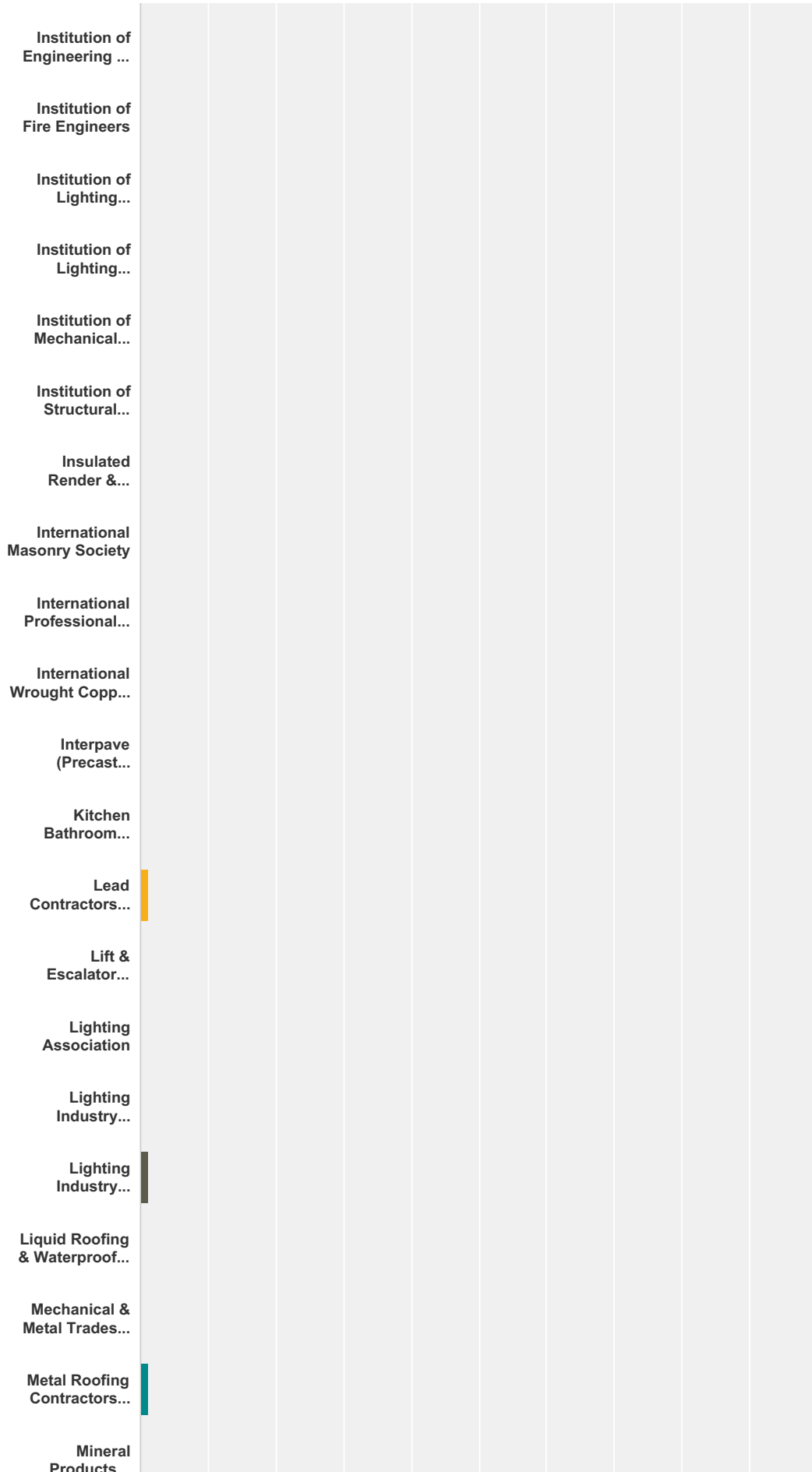
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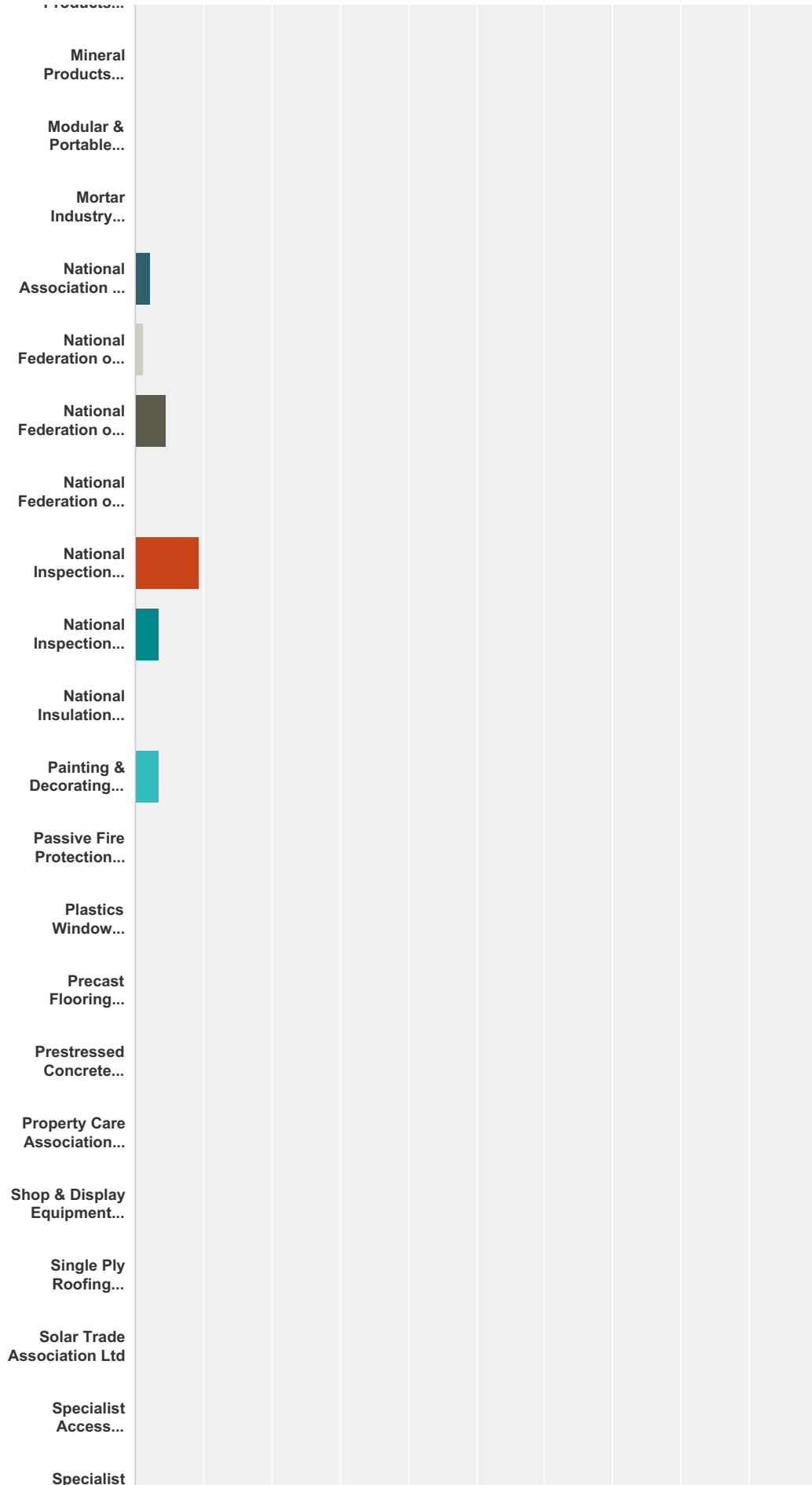
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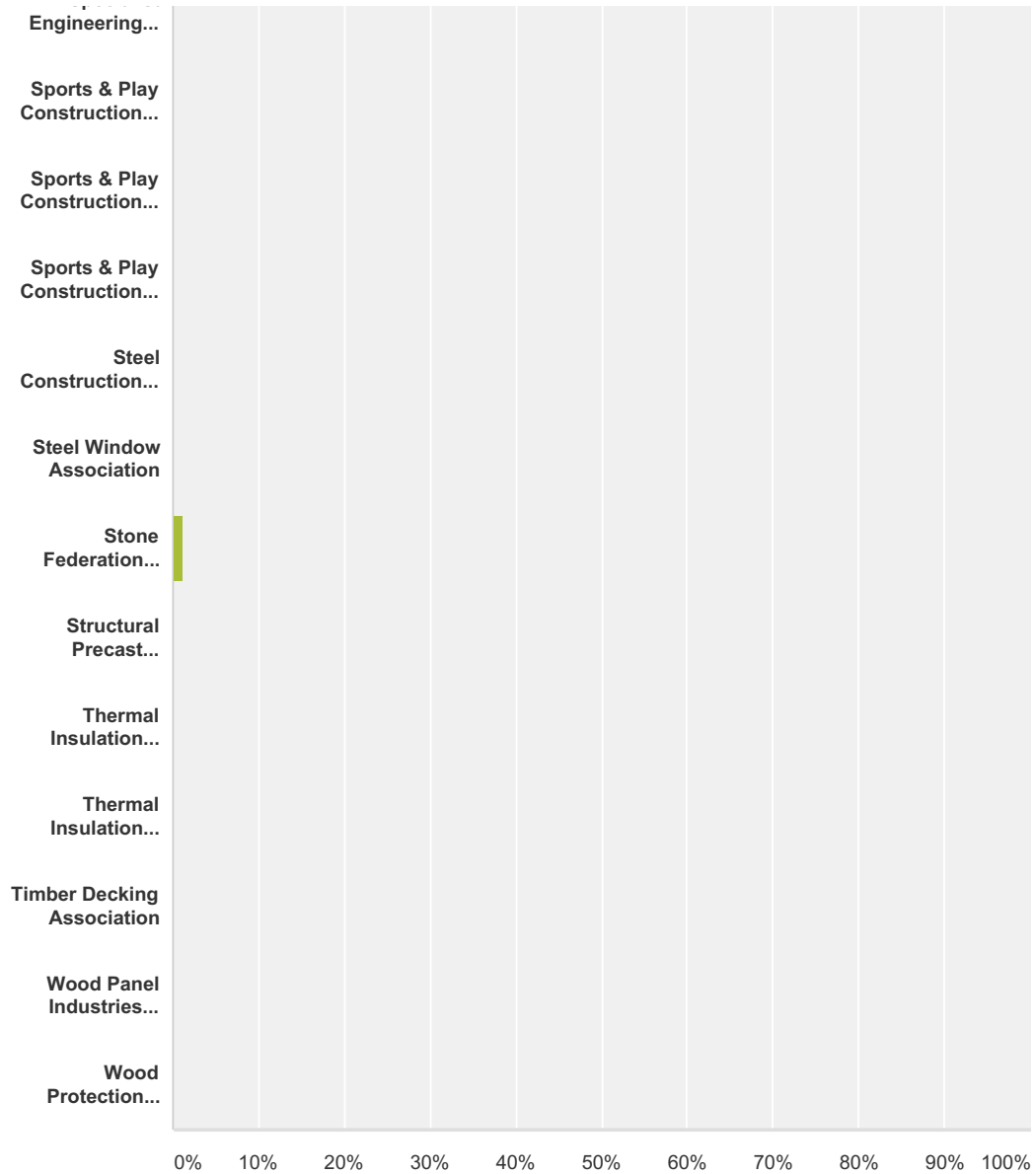
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Answer Choices	Responses
Architectural & Specialist Door Manufacturers Association (ASDMA)	0.00% 0
Architectural Cladding Association	0.00% 0
Asbestos Removal Contractors' Association (ARCA)	0.00% 0
Asbestos Removal Contractors' Association (ARCA)	0.00% 0
Association for Project Safety Ltd (APS)	0.00% 0
Association for Specialist Fire Protection (ASFP)	0.00% 0
Association of Building Engineers	1.16% 1
Association of Building Engineers	1.16% 1
Association of Interior Specialists	1.16% 1

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Association of Loading & Elevating Equipment Manufacturers (ALEM)	0.00%	0
Association of Play Industries (API)	0.00%	0
Association of Plumbing & Heating Contractors (APHC)	1.16%	1
Association of Specialist Underpinning Contractors (ASUCplus)	0.00%	0
Association of Tank & Cistern Manufacturers	1.16%	1
Automatic Door Suppliers Association (ADSA)	1.16%	1
British Blind & Shutter Association (BBSA)	1.16%	1
British Ceramic Confederation	0.00%	0
British Constructional Steelwork Association (BCSA)	1.16%	1
British Constructional Steelwork Association (BCSA)	0.00%	0
British Contract Furnishing & Design Association (BCFA)	0.00%	0
British Electrotechnical & Allied Manufacturers' Associations	0.00%	0
British Flue & Chimney Manufacturers' Association (part of FETA)	0.00%	0
British Furniture Manufacturers Association (BFM)	0.00%	0
British Glass Manufacturers Confederation	0.00%	0
British Home Enhancement Trade Association (BHETA) (prev. British Hardware & Housewares Manufacturers' Association)	0.00%	0
British Institute of Interior Design	0.00%	0
British Precast	0.00%	0
British Refrigeration Association (part of FETA)	0.00%	0
British Security Industry Association Ltd (BSIA)	1.16%	1
British Urethane Foam Contractors Association	0.00%	0
British Urethane Foam Contractors Association	0.00%	0
Building & Engineering Services Association (prev Heating & Ventilating Contractors' Association)	4.65%	4
Building Controls Industry Association (part of FETA)	1.16%	1
Chartered Institute of Plumbing & Heating Engineering	0.00%	0
Civil Engineering Contractors Association	2.33%	2
Clay Roof Tile Council	0.00%	0
CONSTRUCT - Concrete Structures Group	0.00%	0
Construct - Concrete Structures Group	1.16%	1
Construct IT for Business	0.00%	0
Contract Flooring Association	2.33%	2

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Copper Development Association	0.00%	0
Council for Aluminium in Building (CAB)	3.49%	3
Door & Hardware Federation	1.16%	1
Draught Proofing Advisory Association	0.00%	0
Electrical Contractors Association	10.47%	9
Engineered Panels in Construction (EPIC)	0.00%	0
Engineering Construction Industry Association (ECIA)	0.00%	0
Entrance Flooring Systems Association (EFSA)	0.00%	0
Eurisol-UK (Mineral Wool Association)	0.00%	0
European Association for Passive Fire Protection	0.00%	0
European Fencing Industry Association	2.33%	2
European Liquid Waterproofing Association (ELWA)	0.00%	0
Federation of Building Specialist Contractors	0.00%	0
Federation of Environmental Trade Associations (FETA)	0.00%	0
Federation of Master Builders	8.14%	7
Federation of Plastering & Drywall Contractors	2.33%	2
Federation of Plastering & Drywall Contractors	1.16%	1
Fencing Contractors Association	3.49%	3
FeRFA - The Resin Flooring Association	0.00%	0
Fire Protection Association	1.16%	1
Flat Roofing Alliance	0.00%	0
Glass & Glazing Federation	4.65%	4
Glued Laminated Timber Association (GLTA)	0.00%	0
Guild of Bricklayers	0.00%	0
Guild of Builders & Contractors	0.00%	0
Guild of Master Craftsmen	1.16%	1
Heat Pump Association (part of FETA)	0.00%	0
Heating, Ventilating & Air Conditioning Manufacturers Association (HEVAC) (part of FETA)	3.49%	3
Home Builders Federation	0.00%	0
Hot Water Association	0.00%	0
Institute of Builders' Merchants	0.00%	0
Institute of Carpenters	0.00%	0

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Institute of Carpenters	1.16%	1
Institute of Domestic Heating & Environmental Engineers	0.00%	0
Institute of Energy & Sustainable Development	0.00%	0
Institute of Healthcare Engineering & Estate Management	1.16%	1
Institute of Kitchen, Bedroom & Bathroom Installers	0.00%	0
Institute of Roofing	2.33%	2
Institute of Shopfitting	0.00%	0
Institution of Civil Engineers (ICE)	1.16%	1
Institution of Engineering & Technology	0.00%	0
Institution of Fire Engineers	0.00%	0
Institution of Lighting Engineers	0.00%	0
Institution of Lighting Professionals	0.00%	0
Institution of Mechanical Engineers	0.00%	0
Institution of Structural Engineers (IStructE)	0.00%	0
Insulated Render & Cladding Association Ltd	0.00%	0
International Masonry Society	0.00%	0
International Professional Security Association	0.00%	0
International Wrought Copper Council	0.00%	0
Interpave (Precast Concrete Paving & Kerb Association)	0.00%	0
Kitchen Bathroom Bedroom Specialists Association	0.00%	0
Lead Contractors Association	1.16%	1
Lift & Escalator Industry Association	0.00%	0
Lighting Association	0.00%	0
Lighting Industry Association (merging of Lighting Industry Federation & Lighting Association)	0.00%	0
Lighting Industry Federation Ltd	1.16%	1
Liquid Roofing & Waterproofing Association (LRWA)	0.00%	0
Mechanical & Metal Trades Confederation	0.00%	0
Metal Roofing Contractors Association	1.16%	1
Mineral Products Association	0.00%	0
Mineral Products Association	0.00%	0
Modular & Portable Building Association	0.00%	0
Mortar Industry Association	0.00%	0

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National Association of Shopfitters	2.33%	2
National Federation of Builders	1.16%	1
National Federation of Roofing Contractors	4.65%	4
National Federation of Terrazzo, Marble & Mosaic Specialists	0.00%	0
National Inspection Council for Electrical Installation Contracting (NICEIC)	9.30%	8
National Inspection Council for Electrical Installation Contracting (NICEIC)	3.49%	3
National Insulation Association (NIA)	0.00%	0
Painting & Decorating Association	3.49%	3
Passive Fire Protection Federation	0.00%	0
Plastics Window Federation	0.00%	0
Precast Flooring Federation	0.00%	0
Prestressed Concrete Association	0.00%	0
Property Care Association (now incorporating British Wood Preserving & Damp Proofing Association)	0.00%	0
Shop & Display Equipment Association	0.00%	0
Single Ply Roofing Association	0.00%	0
Solar Trade Association Ltd	0.00%	0
Specialist Access Engineering & Maintenance Association	0.00%	0
Specialist Engineering Contractor's Group	0.00%	0
Sports & Play Construction Association	0.00%	0
Sports & Play Construction Association	0.00%	0
Sports & Play Construction Association	0.00%	0
Steel Construction Institute	0.00%	0
Steel Window Association	0.00%	0
Stone Federation Great Britain	1.16%	1
Structural Precast Association	0.00%	0
Thermal Insulation Contractors Association (TICA)	0.00%	0
Thermal Insulation Manufacturers & Suppliers Association	0.00%	0
Timber Decking Association	0.00%	0
Wood Panel Industries Federation	0.00%	0
Wood Protection Association	0.00%	0
Total		86

Q20 If you had 30 seconds with the minister in charge of business, what would you ask him to change in the construction sector in order to help the economy?

Answered: 163 Skipped: 53

Q21 If you had 30 seconds with the chief executive of any of the major main contractors what would you ask them to change and why?

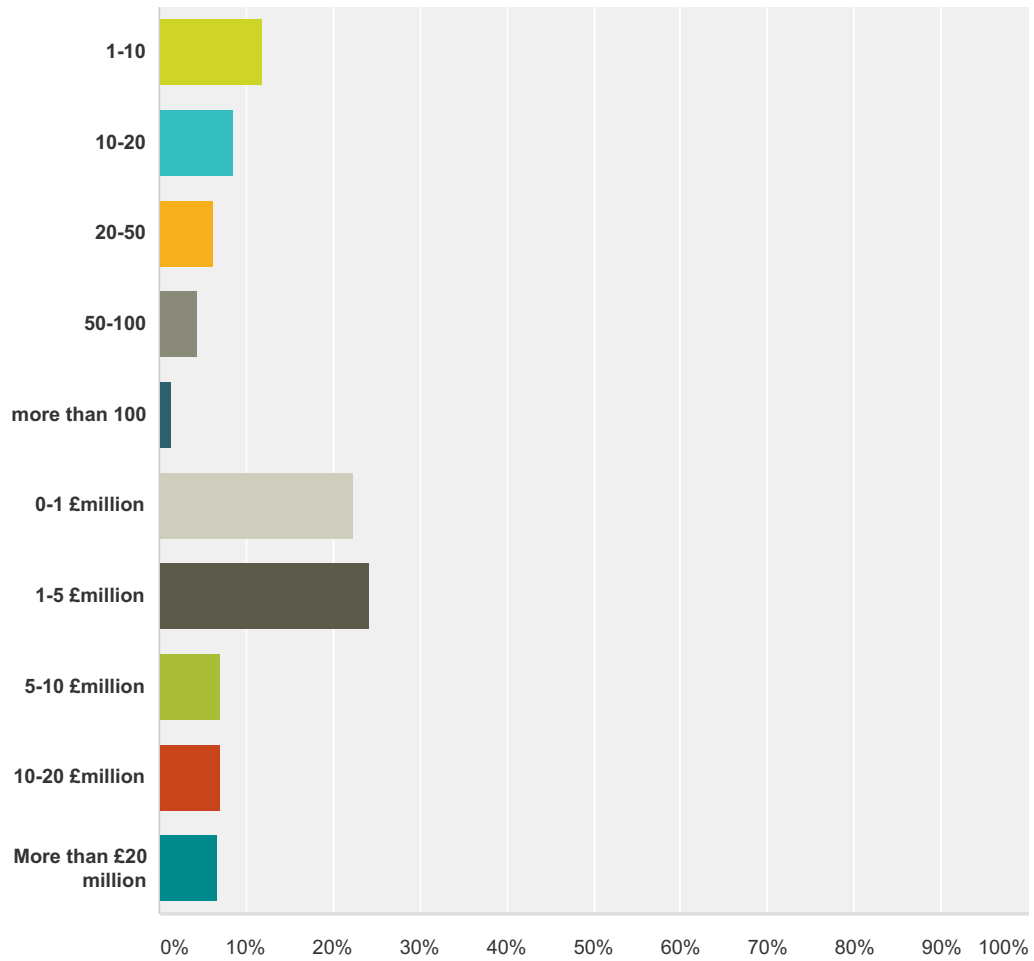
Answered: 170 Skipped: 46

Q22 If you have been subjected to any kind of onerous business practices, or have any other thoughts about the industry, please tell us about them below, and we can use them anonymously. If you are prepared to speak with the media anonymously, or go on the record as regards your experiences, please enter your email address, and we will contact you accordingly.

Answered: 50 Skipped: 166

Q23 How many people do you employ, and what is your approximate annual turnover?

Answered: 210 Skipped: 6



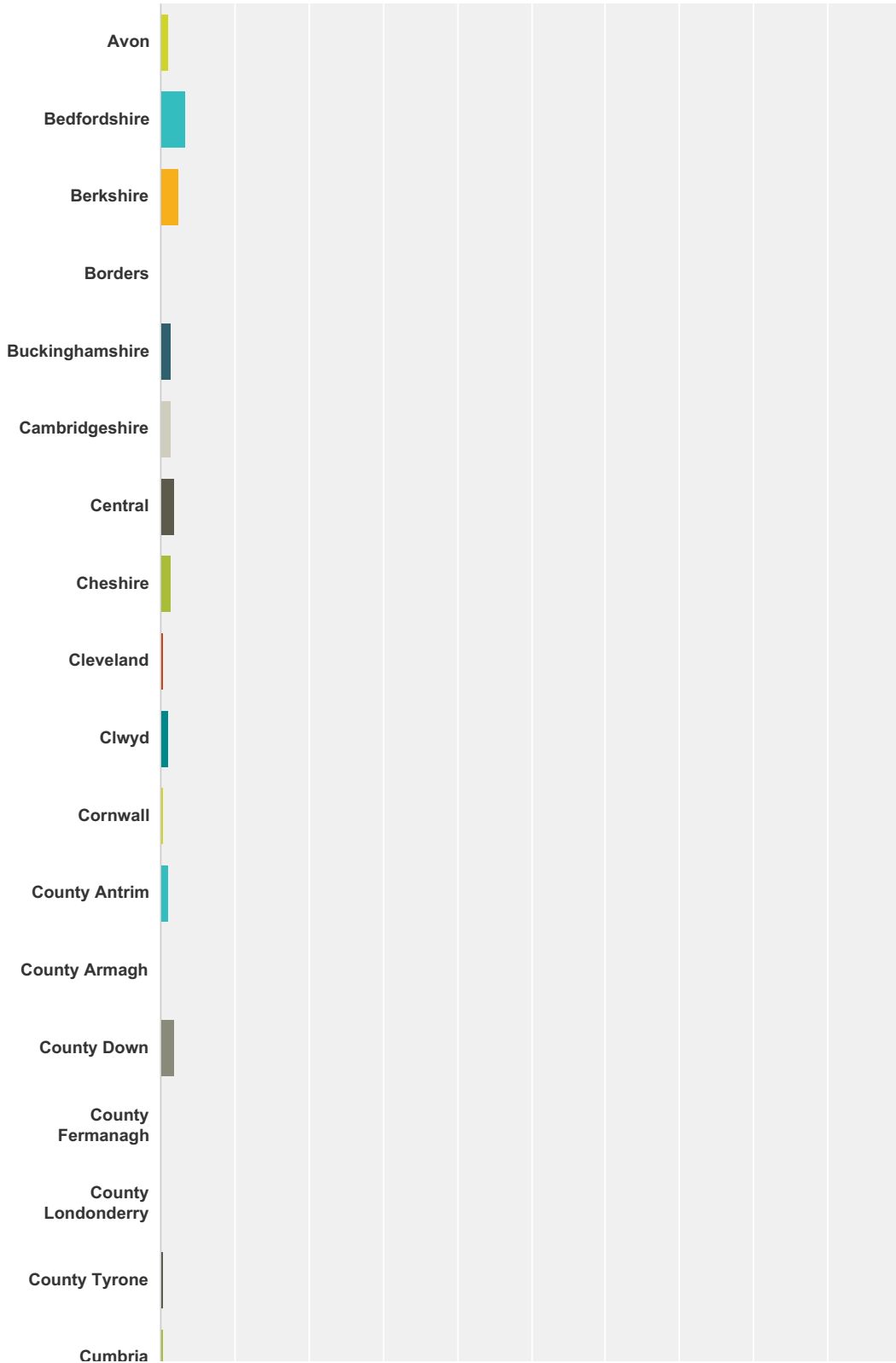
Answer Choices	Responses	
1-10	11.90%	25
10-20	8.57%	18
20-50	6.19%	13
50-100	4.29%	9
more than 100	1.43%	3
0-1 £million	22.38%	47
1-5 £million	24.29%	51
5-10 £million	7.14%	15
10-20 £million	7.14%	15

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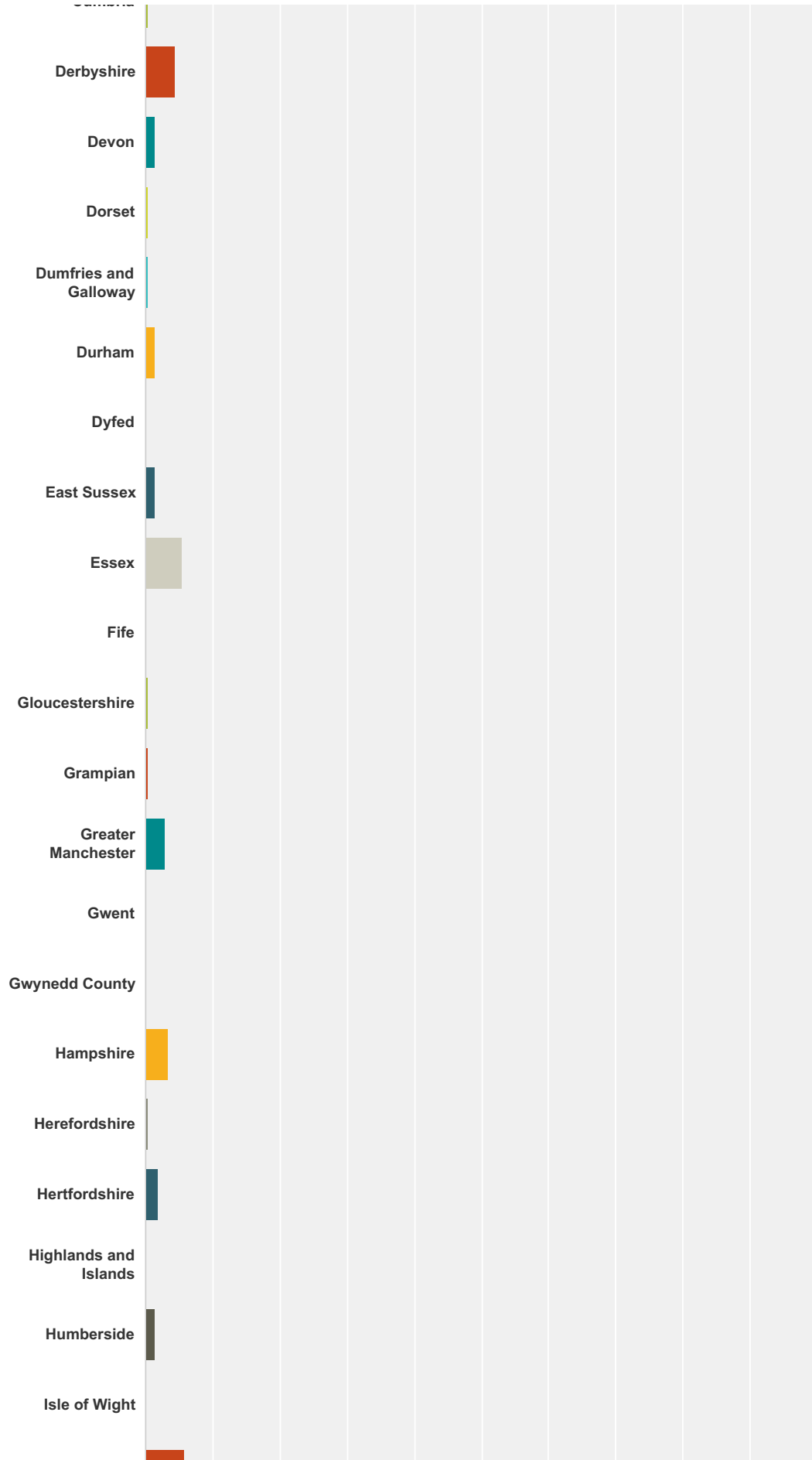
More than £20 million	6.67%	14
Total		210

Q24 This survey is anonymous, but if you could simply tell us which county you are in, that will help us to understand how things are across the country.

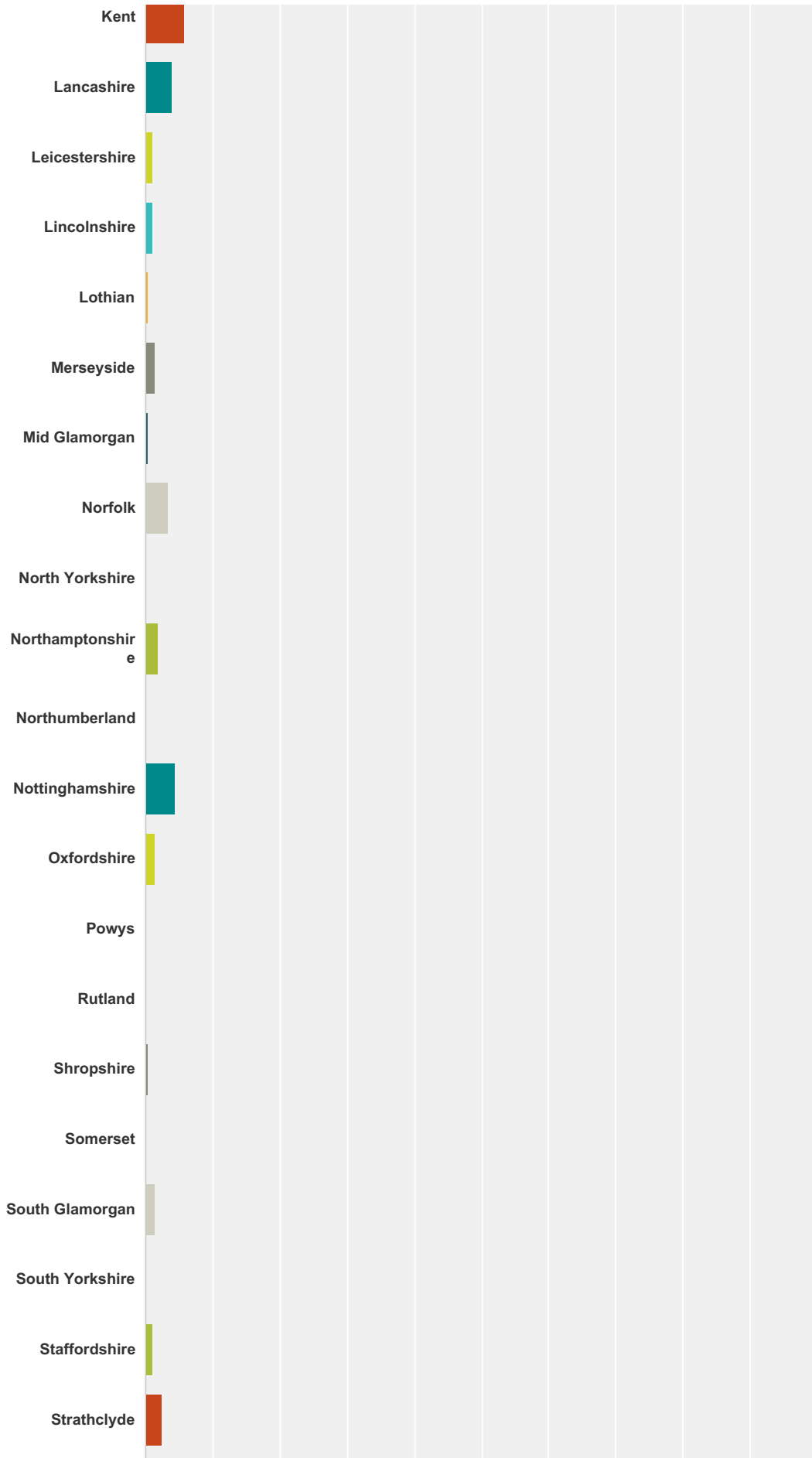
Answered: 206 Skipped: 10



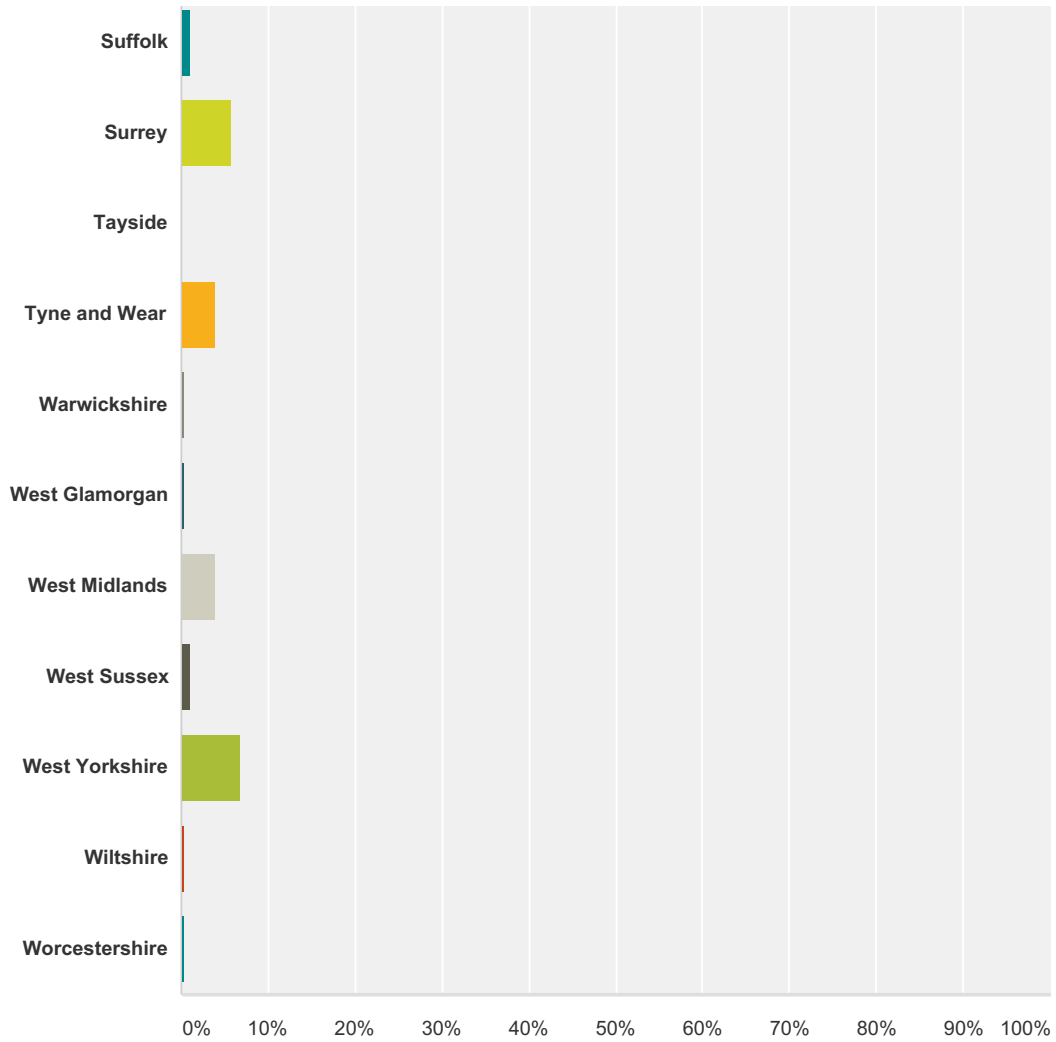
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Answer Choices	Responses
Avon	0.97% 2
Bedfordshire	3.40% 7
Berkshire	2.43% 5
Borders	0.00% 0
Buckinghamshire	1.46% 3
Cambridgeshire	1.46% 3
Central	1.94% 4
Cheshire	1.46% 3
Cleveland	0.49% 1
Clwyd	0.97% 2
Cornwall	0.49% 1
County Antrim	0.97% 2

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County Armagh	0.00%	0
County Down	1.94%	4
County Fermanagh	0.00%	0
County Londonderry	0.00%	0
County Tyrone	0.49%	1
Cumbria	0.49%	1
Derbyshire	4.37%	9
Devon	1.46%	3
Dorset	0.49%	1
Dumfries and Galloway	0.49%	1
Durham	1.46%	3
Dyfed	0.00%	0
East Sussex	1.46%	3
Essex	5.34%	11
Fife	0.00%	0
Gloucestershire	0.49%	1
Grampian	0.49%	1
Greater Manchester	2.91%	6
Gwent	0.00%	0
Gwynedd County	0.00%	0
Hampshire	3.40%	7
Herefordshire	0.49%	1
Hertfordshire	1.94%	4
Highlands and Islands	0.00%	0
Humberside	1.46%	3
Isle of Wight	0.00%	0
Kent	5.83%	12
Lancashire	3.88%	8
Leicestershire	0.97%	2
Lincolnshire	0.97%	2
Lothian	0.49%	1
Merseyside	1.46%	3

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Mid Glamorgan	0.49%	1
Norfolk	3.40%	7
North Yorkshire	0.00%	0
Northamptonshire	1.94%	4
Northumberland	0.00%	0
Nottinghamshire	4.37%	9
Oxfordshire	1.46%	3
Powys	0.00%	0
Rutland	0.00%	0
Shropshire	0.49%	1
Somerset	0.00%	0
South Glamorgan	1.46%	3
South Yorkshire	0.00%	0
Staffordshire	0.97%	2
Strathclyde	2.43%	5
Suffolk	0.97%	2
Surrey	5.83%	12
Tayside	0.00%	0
Tyne and Wear	3.88%	8
Warwickshire	0.49%	1
West Glamorgan	0.49%	1
West Midlands	3.88%	8
West Sussex	0.97%	2
West Yorkshire	6.80%	14
Wiltshire	0.49%	1
Worcestershire	0.49%	1
Total		206