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Build UK Moves Forward on Achieving Zero Retentions

Build UK has reached a major milestone on the roadmap to zero retentions by publishing new minimum standards designed to reduce the existing challenges associated with the use of cash retentions.

The Minimum Standards on Retentions, which provides detailed drafting guidance for incorporating them into both JCT and NEC forms of contract, are based on a number of principles, including:

- Any arrangements for retention are no more onerous than those implemented by the client in the Tier 1 contract
- Retentions are only deducted from payments made in respect of permanent works
- Any retention is deducted from the payment immediately following practical completion
- Retentions should be progressively phased out on the basis of contract value.

Fair and transparent payment practices are essential for a successful construction industry, but the practice of cash retentions has proven problematic for all parties in the supply chain.

The updated Roadmap to Zero Retentions, first published by Build UK in 2017, sets out specific actions in a phased approach for the construction industry to achieve zero retentions.

Whilst Build UK continues to push for Government legislation to abolish cash retention, supported by the roadmap, Government has not yet made any commitment to deliver policy change on this issue.

Jo Fautley, Deputy Chief Executive of Build UK, said:

“Build UK is proactively delivering on its roadmap to zero retentions, and clients, contractors and the supply chain can all implement these practicable steps as part of the transition over the next few years. The construction industry needs to change, and achieving zero retentions is a vital part of becoming a more collaborative and efficient sector.”

PRESS RELEASE



Peter Rogers, Co-Founder of Lipton Rogers, said:

“I am very pleased to see the work that Build UK is doing to eliminate the use of retentions through its roadmap. With over 30 years’ experience of not using retentions on our projects, we are firmly convinced that they add nothing of benefit, and are often used by the industry to improve cash flow, without improving the quality of construction.”

Brian Morrisroe, Chief Executive of Morrisroe Group, said:

“Retentions have always been difficult for us to manage and a realistic plan of how the industry could move forward on this issue is most welcome. If clients that do feel the need to withhold a cash retention start to use the new minimum standards in their contracts, it will make a real difference to businesses like ours. Retentions starve the supply chain of much needed working capital but clients will need confidence that we can address the quality issues often experienced in the defects period to enable a move away from retentions.”

~ Ends ~

For further information, contact Build UK:

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Keep up to date with the latest news [@BuildUK](https://twitter.com/BuildUK) and use hashtag [#ZeroRetentions](https://twitter.com/ZeroRetentions)

Editors Notes

1. [Build UK](http://BuildUK.org) is the leading representative organisation for the UK construction industry. By bringing together Clients, Contractors, Trade Associations representing a wide range of Specialist Contractors, and other organisations committed to industry collaboration, Build UK represents in excess of 40% of UK construction.
2. The Roadmap to Zero Retentions and Minimum Standards on Retentions and can be found at: www.BuildUK.org/retentions.