

TRADE BODIES UNITE AGAINST CONSTRUCTION PAYMENTS ACT

Several major trade federations have voiced the industry's opposition to the payments provisions proposed in the revised Construction Act.

The Construction Legal Affairs Committee (CLAC) – which include the National Federation of Builders (NFB), the Civil Engineering Contractors Association and the UK Contractors Group – believes that the updated bill risks devaluing the power of written contracts, potentially lengthening payment disputes as a result.

Following five years of consultation, the Government is expected to pass the act– known as Part 8 of the Local Democracy, Economic Development and Construction Bill – into law before the next general election.

The committee's members are opposed to elements of the new act that would provide greater protection to clients or suppliers that fail to read the terms of a contract before signing.

Verbal agreements would also be recognised under the adjudications provision of the act. However, the CLAC argues that both these measures will confuse the current legal framework in which disputes are resolved.

Nick Walden, an NFB member and chairman of the committee, wants opposition parties to place reform of the bill high on their agenda for the industry.

He said: "Although they are by no means infallible and require time and money to complete properly, contracts remain the most watertight method of settling disputes, so any move to devalue them sets a dangerous precedent.

"Our fear is that in the very worst cases, the bill will allow unscrupulous operators to exploit the law to turn situations to their advantage.

"Contracts are often seen as a safety net but negotiating fair and reasonable terms at the start of a project remains the best way of guaranteeing each party's specific interests are represented.

"We believe the Government should instead provide greater assistance to contractors and clients in completing contracts and increase their adoption in mediations, rather than creating an environment that will breed lengthy and costly disputes."

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Notes to editors:

National Federation of Builders

The National Federation of Builders (NFB) represents some 1,500 builders and contractors across England and Wales. In addition to providing specialist advice and business services, the federation, with a network of eight regional offices, lobbies local, national and European government on a range of issues to sustain positive trading conditions for members.

The Construction Legal Affairs Committee (CLAC)

The CLAC is a successor of the Construction Confederation's Contracts Committee.