

## News Release

### **SMALL FIRMS BITTEN BY CREDIT CRUNCH, WARNS NFB**

Hundreds of small and medium-sized contractors (SMEs) sought legal advice over non-paying customers in the first quarter of 2008, fuelling concerns about the widening impact of the credit crunch.

The volume of calls to the National Federation of Builders' (NFB) – whose membership is predominantly SMEs - legal helpline rose 56 per cent during the first three months of 2008 compare to the same period last year.

Non-paying customers ranged from major contractors to private individuals, suggesting the effects of the credit crunch on the UK economy are growing.

The NFB's helplines, which advise members on a range of issues including taxation, health & safety and employment, received a total of 652 calls in the first quarter of 2008 – more than double the volume in the first three months of 2007.

It says the increase demonstrates the growing challenges facing the industry's SMEs.

Julia Evans, chief executive of the NFB, said: "There is mounting pressure on business owners operating in this sector, whether small, medium or large. Late or non-payment, employment legislation, changing procurement routes – the barriers to running profitable, stable construction companies are multiplying quickly."

Figures published by PricewaterhouseCoopers this week (1 May) reported a 17 per cent increase in the number of corporate insolvencies during quarter one of 2008 compared to the same period last year. The construction sector saw 431 firms enter into insolvency – second only to the retail sector and a five year high.

She added: "The problem is however particularly acute for small and medium sized firms, who don't have the same reserves or resources to withstand the pressure. They may not have in-house legal or HR teams and cannot afford the rates of professional advisors.

“Trade federations like us can help firms face up to the challenges and adapt quickly to the changing marketplace, providing access to affordable, professional advice and business improvement initiatives.”

The NFB represents over 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.

For more information visit [www.builders.org](http://www.builders.org)

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