



Press Release

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CECA: Crackdown On Late Payment Will Unleash Infrastructure For Growth

Civils contractors today said that the UK Government's [crackdown on late payment](#) will allow construction companies to prosper, driving growth in the economy.

The Government is planning legislation that will give the UK the toughest late payment laws in the G7. Currently late payment costs the UK economy as much as £11bn a year and causes 38 businesses to shutter every day.

The new payment rules will empower the Small Business Commissioner to levy fines on companies that routinely pay their suppliers late, enforce a 30 day invoice verification period, and will introduce maximum payment terms of 60 days, reducing to 45 days.

Commenting, spokesperson for the Civil Engineering Contractors Association (CECA) and Director of CECA Southern David Allen said: "Late payment can starve smaller firms of cash and limit their ability to invest in productivity, innovation, and training.

"CECA has argued for many years that increasing prompt payment by clients and across the supply chain releases money for efficiency and productivity improvements, providing businesses with greater certainty and allowing them to invest and grow.

"The UK infrastructure sector has long been plagued by razor-thin operating margins that impede on firms' ability to deliver projects and plan strategically.

"We welcome the UK Government's recognition of this issue and its intention to introduce the toughest late payment laws in the G7. Strengthening the powers to penalise firms that pay late and introducing maximum payment terms will be important steps towards a more sustainable business model for our sector.

"But legislation alone will not be enough to fix a culture in which firms often wait on average more than six weeks to be paid. We need a genuine cultural change across the supply chain from clients and larger businesses so that fair and prompt payment becomes the norm.

"CECA will also continue to campaign for the abolition of cash retentions in the construction sector, which lock up funds that could be put to better use.

"As an industry, if we get this right, we will unlock cashflow across our sector. In doing so we will support SMEs and specialist contractors, allow businesses to operate under more sustainable margins, and free them to deliver the vital infrastructure that businesses and communities rely upon every day."

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Notes to editors

1. The Civil Engineering Contractors Association (CECA) represents over 300 contractors of all sizes, covering approximately 80% of the civil engineering market in Great Britain. Our members build infrastructure that provides the basis for economic sustainability and quality of life in communities across the country.

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