

22 October 2025

Prompt Payment Policy and Delivery
Department for Business and Trade
Old Admiralty Building
Admiralty Place
London
SW1A 2DY

Dear Sir/Madam,

Re. Department for Business and Trade - Late payments consultation: tackling poor payment practices

The Civil Engineering Contractors Association (CECA) welcomes the opportunity to respond to the above-mentioned consultation.

CECA is the representative body for companies who work day-to-day to deliver, upgrade, and maintain the country's infrastructure. With more than 300 members based across six English regions and the devolved nations of Scotland and Wales, CECA represents firms who together carry out an estimated 70-80 per cent of all civil engineering activity in the UK, in the key sectors of transport, energy, communications, waste and water. Our members deliver work worth an estimated £30 billion to the economy every year.

CECA conducted a survey of member companies in September–October 2025 to inform its response to this consultation. Member companies that responded represent a cross-section of the civil engineering sector from SMEs to major contractors. The survey sought members' views on payment term caps, statutory interest, retentions, dispute resolution time-lines, and potential penalties for persistent late payers.

From this survey our key recommendations for government are:

- **That a legal maximum of 60 days for payment terms should be introduced.**
- **That a 30-day timeframe for raising invoice disputes should be introduced to help limit abuse of "pay-when-paid" practices.**
- **That the Small Business Commissioner (SBC) should be empowered to fine or publicly name persistent late payers.**
- **The reform or abolition of retentions is necessary to protect small businesses in the supply chain and government should look at legislation to enable this.**

Rather than provide answers to all the consultation questions, we have focused on those questions where the results from our survey can be best presented as part of our answers.

Yours sincerely,



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Consultation Response

CECA Consultation Response:

Late payments consultation: tackling poor payment practices

Introduction

The overwhelming majority of respondents to the survey that CECA ran to inform our response to this consultation highlighted that late or extended payment terms continue to have a significant negative impact on cash-flow. Retentions in particular were described as “a significant proportion of turnover” and often withheld for extended periods beyond contract completion. This is not sustainable.

Measure 2 – maximum payment terms

Q10a. To what extent do you agree that limiting UK payment terms to 60 days at a maximum will be effective in addressing the stated problem of long payment times?

Strongly agree.

Q10b. Explain the reasons for your answer to question 10a.

CECA supports the introduction for a legal maximum of 60 days for payment terms. Many respondents to our survey noted that while fair payment clauses exist in frameworks, enforcement is inconsistent down the supply chain.

Measure 3 – a deadline for disputing invoices

Q11a. To what extent do you agree that introducing a 30-day time limit on the ability for businesses to dispute invoices will be effective in addressing the stated problem of the deliberate disputing of invoices to extend payment times?

Strongly agree.

Q11b. Explain the reasons for your answer to 11a.

CECA believes that the introduction of a 30-day timeframe for raising invoice disputes is reasonable and would help limit abuse of “pay-when-paid” practices.

Measure 4 – mandatory statutory interest

Q12a. To what extent do you agree that all qualifying contracts being subject to mandatory statutory interest on their late payments without exception will address the stated problem and help incentivise paying on time?

Strongly agree.

Q12b. Explain the reasons for your answer to question 12a.

CECA is supportive of mandatory statutory interest (8% + Bank Rate) for late payments and of requiring large companies to report both interest owed and interest paid as part of their payment performance reports. This was viewed by respondents to our survey as an important step toward cultural change and accountability.

Measure 7 – additional powers for the Small Business Commissioner, including assurance of payment reporting data

Q15a. To what extent do you agree that the introduction of the new powers for the Small Business Commissioner will be effective in improving compliance and enforcement of new and existing regulations around payments?

Strongly agree.

Q15b. Explain the reasons for your answer to question 15a.

CECA agrees that the Small Business Commissioner (SBC) should be empowered to fine or publicly name persistent late payers. Respondents to our survey emphasised that current enforcement is too weak to drive change.

Q17a. To what extent do you agree that prohibiting the use of retention clauses in construction contracts would be effective in addressing the stated problems associated with retention?

Strongly agree.

Q17b. Explain the reasons for your answer to question 17a.

CECA supports the reform or abolition of retentions, but acknowledges that unintended consequences must be avoided such as increased reliance on project bank accounts or performance bonds, potentially disadvantaging SMEs. Legislating on reform or abolition should be considered by the government.

Miscellaneous

Q28. Do you have any further comments on any elements of the proposals that might aid the consultation process as a whole?

CECA urges the need for collaborative co-design between clients, contractors, and consultants to develop new assurance mechanisms if retentions are phased out — ensuring fair risk allocation and safeguarding cash-flow.

CECA members recognise the Government's intent to tackle systemic payment delays and believes reform can be achieved in a way that balances financial protection with practical commercial realities, particularly for smaller contractors operating in complex supply chains.