

SEC GROUP **focus**

Voice of the Specialist Engineering Contractor

The members of the
SEC Group are:

Association of Plumbing
and Heating
Contractors

British Constructional
Steelwork Association

Electrical Contractors'
Association

Heating and Ventilating
Contractors' Association

Lift and Escalator
Industry Association

SELECT

For further information on all
aspects of SEC Group and its
activities contact:

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Executive Secretary

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RETENTIONS: A LIST OF THOSE NOT USING THEM.

It has now been estimated that over 12% of construction, by turnover, is now a retention-free zone. However, the fact that clients are not requiring retentions is not always reflected along the supply chain.

Further to the previous issue dated February 2006 the SEC Group has identified more public sector bodies and private sector organisations that do not hold and are moving away from retentions. Currently those that have been brought to our attention are as follows:

ALDI	British Sugar	First Hydro
Allerdale Borough Council	BT	General Motors (Vauxhall)
ARENA	Cardiff WwTW	Highways Agency
Argos	Carillion (provided that the client does not require retentions)	Homebase
Astra Zeneca UK Ltd	Circle33	John Lewis Partnerships
Aylesbury Vale District Council	Cisco Systems	Laing O'Rourke (on ProCure21 projects)
Birmingham Airport	City of Sunderland	Lemon Zest
Bloor Homes	Coventry University	Lloyds TSB
BMS Pharmaceuticals	Defence Estates Organisation	Lovell Partnerships
Boots the Chemists	Delta Healthcare	Lubrizol
Borough Council of Kings Lynn & West Norfolk (for long-term contracts)	DeVere Hotels	National Westminster Bank
British Airways	Derwentside District Council	Norfolk County Council (Framework Agreement)
British Gypsum	Eli Lily Environment Agency	



North Tyneside District Council

North Wales Police

Northumberland Country Council

Northumbrian Water

Oxford University

Peterborough City Council

Portsmouth WwTW

Prison Service
(Framework Agreement)

Reading University

Rushcliffe Borough Council

Sainsburys

Sapporo Teppanyaki

Slough Estates

Stanhope

Taunton District Council

Tesco

Tewkesbury Borough Council (where contracts are under seal)

Thames Valley Police
(never deduct retentions on direct contracts)

Toyota UK

Tyne & Wear Fire Authority (also operates project bank accounts)

Unilever (but they may require retentions when using a PQS)

University of Leeds

University of Manchester

US Army (when procuring construction work in UK)

Vodafone

Winkworth

Yorkshire Water

In July 2006 the Government and the industry launched the **Construction Commitments**. These were described by the Secretary of State for Culture, Media and Sport - Tessa Jowell MP - as 'obligations'. The Commitments define best practice for public sector procurement and Olympics construction.

The Commitments state:

'To ensure effective and equitable cash flow for all those involved, all contracts will incorporate fair payment practices, such as**no unfair withholding of retentions**.....'

Retentions on public sector projects will, therefore, be unfairly withheld where there is a lack of mutuality. In other words, an insistence upon retentions must be matched by the payer being prepared to offer payment security such as a payment bond. Furthermore any retention monies must be kept secure in a trust fund.

IF YOU ARE SUFFERING RETENTIONS ABUSE ON PUBLIC SECTOR WORKS PLEASE PROVIDE YOUR ASSOCIATION AND SEC GROUP WITH THE EVIDENCE

Unfair payment practices such as unduly prolonged or inappropriate cash retention undermine the principle of integrated team working and the ability and motivation of specialist suppliers to invest in innovation and capacity. – Extract taken the National Audit Office Report (page 14) on 'Improving Public Services through better construction' (published on 15 March 2005).

SEC Group aim to update the list at regular intervals. In order to achieve this any additional information would be helpful and should be forwarded to John Nelson – Executive Secretary of SEC Group - at contact@secgroup.org.uk

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