

Flooring contractors urged to stand firm!

State of trade

CASHFLOW problems and 'bullying' tactics by main contractors are exposed in the new state of trade survey by the National Specialist Contractors Council (NSCC).



Graham Wren

Late payment is the biggest worry for flooring and other specialist contractors, according to the survey covering the third quarter of 2008. The report, compiled by Northumbria University, is compiled with responses from members of the 30 trade bodies affiliated to the NSCC, including the Contract Flooring Association.

Former NSCC president Graham Wren is urging flooring contractors to stand firm on the principle of fair payment during the current economic downturn.

'The achievements of the Fair Payment Campaign are even more important in the current climate and those businesses that maintain 30-day payment terms, should ensure contract conditions are met.'

He continued: 'Those who resist the withholding of retention, will be better placed to ride out the storm and respond when the market recovers.'

He notes that the survey confirms the downturn with 40% more specialists reporting fewer enquiries and orders compared with the beginning of 2008.

However, on a positive note, two thirds of respondents still work at over 75% capacity. 'This shows that there isn't any need to accept detrimental payment terms which undermine the substantial progress that has been made by the Fair Payment Campaign to date.'

NSCC is urging all flooring contractors committed to fair payment to support the campaign.

www.fairpaymentcampaign.co.uk

Highlights of the survey include:

■ **Workloads:** Fewer specialist contractors are working at over 75% capacity, down from 76% to 65%. Those achieving over 90% capacity is also down (49% to 40%), compared with 67% in 2007Q3.

However, more are working at over 50% capacity utilisation (22% to 31%). A third of these contractors reported 100% of their workforce having CSCS cards, compared with the average of 75%.

Those firms anticipating a rise in workload has fallen from 22% to 16% and down from 46% in 2007Q3. More expect less workload (49% compared with 13% in 2007Q3).

■ **Recruitment:** Slightly more have difficulty recruiting skilled labour (13% to 14%), but more also report it being easier to find skilled workers (27% to 30%). The percentage unable to bid for work because of shortages is up from 4% to 7%. This compares with 19% for 2007Q3.

■ **Enquiries:** 66% report a drop in enquiries.

■ **Orders:** 64% receive fewer orders.

■ **Supplier prices:** 85% report rise compared with 88% the previous quarter and 75% for 2007Q3.

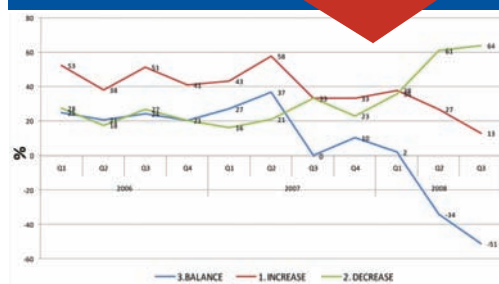
■ **Tender prices:** 50% find lower tender prices compared with 37% the previous quarter and 17% for 2007Q3. Those reporting tender price rises is down from 37% to 26%, compared with 29% for 2007Q3.

■ **Margins:** 85% anticipate smaller margins

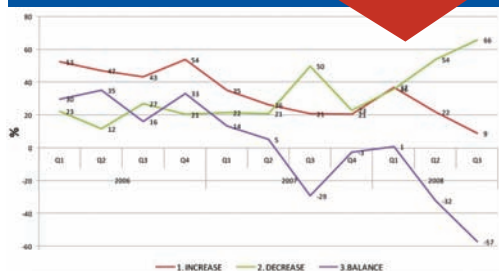
'The Fair Payment Campaign is even more important in the current economic climate and those businesses that maintain 30-day payment terms should ensure contract conditions are met' --- Graham Wren, NSCC



Expected orders down



Expected enquiries down



compared with 65% in the second quarter and 17% in 2007Q3. Only 4% expect higher margins compared with 6% last quarter, 25% in 2007Q3.

■ **Payment:** The average wait for payment (65%) remains 30 to 60 days. But those receiving payment over 60 days is up (24% to 27%).

The number reporting payment periods of over 90 days is up (4% to 8%). However the percentage being paid in less than 30 days is also up by a similar figure.

■ **Future plans:** The number planning expansion is down (13% to 7%) compared with 50% in 2007Q3. Those set to downsize is up from 31% to 38% and compared with 0% in 2007Q3. Most (38%) plan ahead less than three months. Market demand and the availability of finance (more now than the availability of labour) are the most important factors in these plans.

■ **Procurement:** 74% of contracts continue to be obtained by tender with only 8% by appointment, 11% specified and 7% by nomination. The largest percentage (23%) use contractors' own forms. More than one respondent reported the form of contract to be 'a handshake!'

■ **Contract abuse:** Late payment and valuation abuse are reported to have the most significant effects on specialist contractors' businesses.

Over 50 respondents report a total of £5.2m being held in retentions, an average of £97,700 each. **CFJ**

Industry in brief

Harrogate thumbs up

Unanimous approval for the £50m redevelopment scheme of the Harrogate International Centre, including a new 1600sq m purpose built exhibition hall, has been given by the borough council. Work on the first phase is due to begin next spring. The venue will again be used for the National Floor Show (September 8-10, 2009).

Hidden killer warning

The Health and Safety Executive has launched the hidden killer campaign to warn of the dangers of asbestos which causes the death of 4,000 people a year. Floorlayers can take up to 40 years to develop mesothelioma, a terminal cancer or other asbestos related diseases. Although it has been banned, asbestos may be present in any building constructed or refurbished before the year 2000. Around 500,000 non-domestic buildings could contain asbestos.

Sustainability rules

Contractors will have to improve their sustainability performance under new clauses in Joint Contracts Tribunal Council contracts introduced next spring. More than 70% of all projects in Britain are built under a JCT contract. The new rules are expected to include specifications on waste reduction and the use of recycled material.

Sourcing standard

BRE Global has launched a new framework standard for the responsible sourcing of construction products - BRE Environmental & Sustainability Standard (BES) 6001:2008. E: responsiblesourcing@bre.co.uk T: 01923 664100

Bullying warning

Contractors are failing to deal with workplace bullying, according to the Chartered Management Institute. It warns that this failure can prove costly to businesses.

QUOTE:

'In the difficult months ahead, I urge employers not to take their eyes off the ball. Good business management is vital and good health & safety management is an integral part of that'

— Judith Hackitt, chairperson, HSE