

Each contractor owed £47,564 in retentions

UNPAID retentions are driving many flooring contractors to the brink of bankruptcy, according to the third quarter National Specialist Contractors Council (NSCC) state of trade survey.

The survey was conducted among the NSCC's 7,000 specialist contractors by the School of the Built Environment at Northumbria University. The CFA is one of 29 trade bodies affiliated to NSCC.

The survey shows that nearly a third of all retentions – an average of £47,564 per company – are overdue for release. In fact, 87% of specialist contractors who responded to this survey have monies withheld against them in retentions with an average of £147,930 per respondent, a sum which could push many companies over the edge.

Slow payment also continues to affect the supply chain with 96% of flooring and other specialist contractors waiting longer than 30 days for payment. At a time when cashflow is vital to the survival of many businesses, respondents report that builders are pushing out payment terms to 60 days at a time when banks are enforcing restrictions on borrowing.

However, there is some good news in the survey with indications that growth is slowly returning. Orders are shown to be rising, up 13% over the last 12 months.

Specialists report an improvement in operational capacity with 60% working at over 75% capacity during July to September compared with 46% from April to June. This upturn looks set to continue with 39% of respondents anticipating a rise in

State of trade

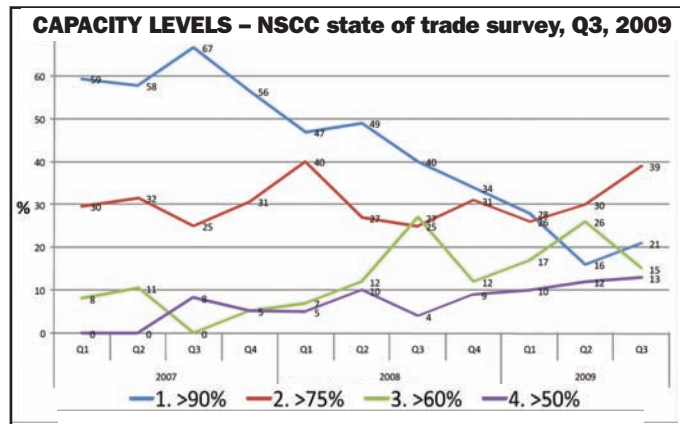
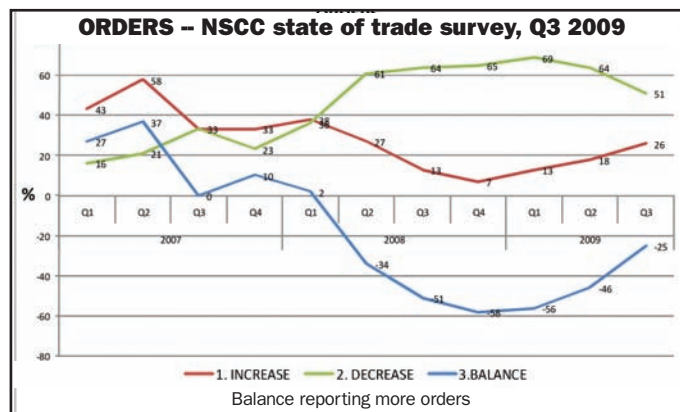
workload over the next quarter and 31% planning on expanding their businesses over the next 12 months, a marked improvement on the 14% in the first quarter of this year.

These expansion plans are, of course, contingent on market demand and availability of finance with a member of The Tile Association (TTA) citing the 'lack of liquidity in the market to fund

projects' as having a critical impact on their business.

Like many other industries, the construction workforce has taken a big hit, with the average number of direct employees being reduced by nearly a third in the last quarter.

This gives rise to concerns about the industry's capacity to deal with an improving market, as 65% of specialist contractors do not foresee a change in employment levels for at least another quarter.



Business in brief

Flowcrete hikes profit

Flowcrete profits are up 72% with sales at £50.8m, 15% higher than last year. Just a third of turnover is generated in the UK, with the rest from abroad. The company has 29 offices and factories world-wide.

Carpet jobs planned

Whitstone Weavers plans to create jobs in Yorkshire after moving its tufted manufacturing back to the UK from Belgium and Holland. It's Axminsters and Wiltons will continue to be made in Poland.

Ulster opens in Dubai

Ulster Carpets has opened an office and showroom in Dubai to access business opportunities in the Middle East.

Carpentry sales rise

Carpentry sales were up 10.3% in the 12 weeks to October 24, while year-on-year sales rose 5.6% in the UK and Ireland. Carpentry has reportedly benefited from the collapse of rival Allied Carpets earlier this year.

Puhoswood acquired

Steico has acquired Puhoswood, UK subsidiary of Puhos Board Oy, strengthening its aim to become the UK's largest i-joist supplier by 2012. www.steico.com

Building output is down

Construction output fell by 1.1% in the three months to September 30, says official data from the Office for National Statistics. This follows a 0.8% drop the previous quarter.

House prices to fall?

Savills property group predicts that house prices could fall by nearly 7% in 2010, after a 3.7% rise in 2009.

Bank fears inflation

The Bank of England is warning of a rise in inflation after VAT rises to 17.5% on January 1, 2010.

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