

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

RETENTIONS: A LIST OF THOSE NOT USING THEM.

The House of Commons Trade and Industry Select Committee recommended both in December 2002 and February 2003 that government departments should set an example to other public sector construction procurers and the private sector and work to eliminate the practice of retention as soon as possible.

The Specialist Engineering Contractors (SEC) Group believe that the phasing out of retentions in the public sector would revitalise small and medium-sized businesses in the construction industry. This would, in turn, help to transform the performance of the industry.

There has been some progress in this area with more and more moving away from retentions. To highlight this trend the SEC Group has identified those 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:

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

Continued overleaf



<i>Continued</i>	Peterborough City Council	Taunton District Council	Unilever (but they may require retentions when using a PQS)
Norfolk County Council (Framework Agreement)	Portsmouth WwTW	Tesco Tewkesbury Borough Council (where contracts are under seal)	University of Leeds
North Tyneside District Council	Prison Service (Framework Agreement)	Thames Valley Police (never deduct retentions on direct contracts)	University of Manchester
North Wales Police	Reading University	Toyota UK	US Army (when procuring construction work in UK)
Northumberland Country Council	Rushcliffe Borough Council	Tyne & Wear Fire Authority (also operates project bank accounts)	Vodafone
Northumbrian Water	Sainsburys		Winkworth
Oxford University	Sapporo Teppanyaki		
	Slough Estates Stanhope		

Guidance on retentions in construction contracts was issued in March 2004 by the LGA/FPS (Local Government Association/Federation of Property Societies) Procurement panel.

This was on behalf of the Local Government Task Force on Construction. The guidance was based on the principle of developing long term strategic relationships contained in the 'Rethinking Construction' report. It recommended that retentions within construction contracts, as a form of insurance to guarantee satisfactory completion of projects, should be phased out as part of longer-term partnering arrangements. The guidance also confirmed that 'retentions are an added cost to the client and add no value to the client. The key is for the team to concentrate on providing a good set of working relationships and this should include the involvement of the whole supply chain'. (The full guidance note is available on the SEC Group Website www.secgroup.org.uk under Activities dated June 2004).

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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