

Nicola Hesketh
Project and Information Co Ordinator

Our Ref: FOI4803 NH/02
Please ask for: Nicola Hesketh
Direct dial: 01827 709 587
E-mail: FOImailbox@tamworth.gov.uk

[Name Redacted]
SEC Group
Lincoln House
137-143 Hammersmith Road
London
W14 0QL

23rd November 2017

Dear [Name Redacted]

Freedom of Information – Request for Information

With regards to your recent enquiry for information held by the Authority under the provisions of the Freedom of Information Act. Please find the information you requested below with reference in the box to your original enquiry for clarity where multiple answers are required.

Details of Your Request

For construction and building maintenance contracts established since 1 January 2017, have you, or will you be putting in place monitoring and reporting whether your main contractors/suppliers are paying their sub-contractors/suppliers within 30 days? [Please choose]

- A) We are already monitoring and reporting that payment takes place within 30 days routinely*
- B) We will be monitoring and reporting that payment takes place within 30 days routinely*
- C) We don't and will not be monitoring and reporting that payment takes place within 30 days*
- D) If you don't know, please provide information on what policy you do pursue*

2. For construction and building maintenance contracts established since 1 January 2017, have you built in a contractual requirement for your suppliers to pay the suppliers directly below them in the supply chain within 30 days (or are you taking steps to apply this)? [Please choose]

- A) We have built in a contractual requirement for payment to flow through the supply chain within 30 days routinely*
- B) We are taking steps to apply a contractual requirement for payment to flow through the supply chain within 30 days routinely*
- C) We have not and will not be building in a contractual requirement for payment to flow through the supply chain within 30 days*
- D) If you don't know, please provide information on what policy you do pursue*

3. For construction and building maintenance contracts established since 1 January 2017, do you deduct cash retentions from your main contractors/suppliers? [Please indicate any answers that describe your current position – it could be more than one]

- A). We do not deduct cash retentions*
- B). We deduct cash retentions up to 5%*
- C). We deduct retention above 5%*

4. When you regularly deduct cash retentions, do you use the cash:

[Please indicate any answers that describe your current position – it could be more than one]

- A). To bolster your working capital*
- B). To fund other construction-related activities*
- C). To fund other activities (not related to construction)*
- D). To invest in overnight money markets*
- E) OTHER: Please specify*

*5. For construction and maintenance contracts established since January 2017:
[Please choose]*

- A). If you do not deduct cash retentions, do you insist that your main supplier/contractor does not deduct cash retentions from their sub-contractors/suppliers too.*
- B). You do not impose any contractual requirements on your main suppliers about cash retentions from their sub-contractors/suppliers*
- C). OTHER: Please specify*

The response to your request as follows:

- 1 D) Procurements standard T's & C's:
In consideration of the execution of any Services or provision of any Goods by a Sub-contractor or agent of the Contractor conducted in performance of this Contract, payment shall be due to the Sub-contractor or agent thirty (30) days from the date of receipt of correct invoice documentation by the Contractor.
- 2 A) We have built in a contractual requirement for payment to flow through the supply chain within 30 days routinely
- 3 A) We do not deduct cash retentions
3 B) *We deduct cash retentions up to 5%*
- 4) As a general rule upon certification of the works the retention monies are held in our finance system as an accrual, at the end of the defects liability period (6/12 months) the monies are released to the contractor.
- Most contracts work on the basis of 95% of each valuation paid with 5% held as retention, upon practical completion 97½% of the monies due are paid and at the end of the defects period the remaining 2½% is released.
- The only reason for not releasing the final 2½% would be if the contractor failed to complete outstanding defects at which point the retention would be used to pay a third party to complete.
- 5 B) You do not impose any contractual requirements on your main suppliers about cash retentions from their sub-contractors/suppliers

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Project and Information Coordinator,
Tamworth Borough Council,
Marmion House,
Lichfield Street,
Tamworth,
B79 7BZ

Details of Tamworth Borough Council's internal review and complaints procedure are attached, in accordance with the provisions of the Act.

Yours Sincerely

Nicola Hesketh
Project and Information Coordinator