

Saving the sector

Insolvencies across construction sector continue to rise and late payments are the driving force according to new data. Founder and CEO of Know-it, Lynne Darcey Quigley, writes

The construction industry is an integral cog within our economy and if figures continue to read so poorly, then we are running the risk of causing irreversible damage to the sector. At the moment, the overwhelming majority (69%) of construction contractors are waiting up to 60 days to be paid following an invoice being issued. To compound this issue further, 42% of contractors said that they experience clients requesting discount rates on services once a project is under way.

There seems to be a lack of consideration from most construction clients that these actions when it comes to late payments or demanding cut-price costs have knock-on effects to the industry as a whole. An industry which is regularly operating up to two months without being paid and constantly pressured into providing unsustainably low-cost services is going to end in a rising number of contractors closing down for good.

Recent survey data conducted across the UK construction industry has lifted the lid on the dire state the industry is now in as a result of late payment culture. With an overwhelming majority (74%) of respondents saying that their financial wellbeing had been affected as a result of late payments

Half of respondents also reported that half of their invoices had been underpaid against what was initially agreed upon with the client.

Following the economic battering of the Covid-19 pandemic on the industry, the worsening late payment culture could not be spiralling at a worst time. UK construction firms can no longer be viewed as a form of cheap labour or credit line in the eyes of their clients. It is now time for the industry to regain control of how it operates, and cash flow has to be at the forefront.

With little help coming from government, the construction industry should now consult technology and see first-hand the control and oversight they need to ensure they are paid on time. The latest solutions are now readily available to ensure construction firms are able to credit check, chase and collect overdue payments all from one place.

Being able to identify and take action against any holes you may have in a business' credit control process is just the first step towards building a healthier cash flow and stem the rising insolvency figures across the industry.

We can't continue to sit idly as the construction industry continues to be exploited for its services through late and often under payments. The huge contributions it makes to our economy each year and the jobs it creates for so many families mean that it is too valuable to watch crash and burn.

Thankfully for construction, technology is now readily available to turn the tide on this sentiment we are



Lynne Darcey Quigley

currently seeing and can hopefully help create a more transparent and compliant sector to operate within. □

www.know-it.co.uk