

# **GUIDANCE TO SNIPEF MEMBERS ON CASH FLOW AND PAYMENT DURING COVID-19 (For use on Commercial Contracts)**

**1 April 2020**

Your first priority is to feed any questions you have to SNIPEF, for support and assistance. It is best to put any questions in writing so these can be circulated to an experienced industry person who can assist you.

It is essential that you submit a fully detailed application for payment, up to the day when the site[s] you were working on were suspended. Provide as much information as you can. If you are claiming for materials on site, then provide invoices and/or proof of payment.

It is anticipated that there will be a slowdown in payments and current outstanding invoices might not be paid. Prepare a schedule of outstanding debtors and show the dates when invoices should have been paid.

You have a right under your contract, or subcontract, to suspend the performance of your obligations until you are paid in full. There is a procedure which must be followed, and SNIPEF can assist you with a template letter. You are entitled to go through this procedure even if your site[s] are closed down.

If you suspend the performance of your obligations, then you are entitled to an extension of time and recovery of loss and expense until you are paid in full. This will assist in the weeks and months that lie ahead, and when sites re-mobilise.

This is an opportunity for your commercial managers to get final accounts submitted and agreed to generate essential cash flow. Most QS firms are operating by home working, and most records will be available on IT systems, so don't accept any excuses on that front.

You should also be looking at collecting outstanding retentions on completed projects. Chase these as hard as you can. At worst, ask your employer to release part of the retention to assist your cash flow in current circumstances. We are all seeking cooperation through this period. If you are being treated unfairly then contact SNIPEF for support and assistance.

So, what happens if you run into a brick wall and no one will make payment. The courts are closing down so it is unlikely you will be able to issue a statutory demand and/or at worst case a winding up order. You will need to take legal advice and SNIPEF can assist here so please do get in touch..

However, you can immediately refer the dispute to Adjudication, and sometimes the issue of a Notice of Adjudication is a wakeup call to a debtor. Most outstanding payment issues are relatively straightforward. Again, if you are not familiar with Adjudication, SNIPEF have consultants who can assist you.

There is a new development in Adjudication, dealing with low cost disputes of up to £50k. The benefit of this Scheme is that the Adjudicators costs are fixed relative to the value, so you know your commitment. However, you have to pay your own costs. A separate note on this process will be provided shortly.

The other pressure over the months that lie ahead will come from your creditors, including suppliers and subcontractors you have employed. The worst thing you can do is to ignore e

mails and phone calls so be up front with creditors – we are all in the same boat. Keep them posted on what you are doing to recover money.

Prepare a schedule of all creditors so you have a clear picture of your liabilities. You might need this information for your bank or HMRC. You can show the bank and HMRC your exact position with a cash flow schedule. They know the construction industry, and they know that things can change weekly, but the advice is to keep them informed all the time, of any changing circumstances.

SNIPF have appointed consultants to assist you, on a pro bono basis initially.

If you require assistance on any of the areas discussed, please email [membership@snipef.org](mailto:membership@snipef.org) with a brief outline of the assistance you require. We will then pass you onto the consultant who is best suited to help you.