

From the Office of the Minister



Department of

**Enterprise, Trade
and Investment**

www.detini.gov.uk

NETHERLEIGH
MASSEY AVENUE
BELFAST
BT4 2JP
Tel: 028 90 529452
Fax: 028 90 529545

E Mail: private.office@detini.gov.uk

Our Ref: DETI SUB 003/2013

Patsy McGlone MLA
Northern Ireland Assembly
Room 382
Parliament Buildings
BELFAST
BT4 3XX

16 January 2013

Dear Patsy

I undertook in my oral answer to you on 11 December 2012 to clarify the position in relation to current legislation regarding payments to subcontractors where the main contractor has gone into administration.

I can confirm that Finance Minister, Sammy Wilson MP MLA introduced the Construction Contracts (Amendment) Act (Northern Ireland) 2011 which came into effect on 14 November 2012.

While this legislation improves the protection afforded to parties in construction contracts, it does not provide a subcontractor with a right to payment where its contractor is insolvent. This is because, in the event of the insolvency of a contractor, subcontractors are treated the same as any other creditor under insolvency legislation. Therefore, if a Department was to pay the subcontractors of insolvent main contractors directly it may end up paying twice for the work undertaken.

Instead, as a measure to combat non-payments due to insolvency, the Department of Finance and Personnel has advised me that it intends to introduce Project Bank Accounts for construction contracts value over £1m in January 2013.

A Project Bank Account is a bank account which holds the money in trust for the supply chain, providing extra protection for contractors and subcontractors in the event of administration or receivership and accelerates payment to the supply chain.

I will arrange for a copy of this letter to be sent to the Speaker's Office and that a copy will be placed in the Assembly Library.

Yours sincerely

ARLENE FOSTER MLA
Minister of Enterprise, Trade and Investment