*(letter for use where you have not yet written to your MP about retentions)*

Dear [name of local MP]

**CASH RETENTIONS IN THE CONSTRUCTION INDUSTRY**

I [work for][am a director of][name of company], part of the fit-out sector within construction. We employ xx people who work in your constituency.

You will, no doubt, be aware of the massive losses incurred by small firms in the construction industry in the wake of the Carillion collapse. The losses will include millions of pounds worth of retention monies.

According to the recent DBEIS consultation on retentions “Retention is a contractual practice originally introduced to provide security against defective work or the insolvency of construction firms”. This is an understandable and practical solution to the problems arising from poor quality installation work or where a company in the supply chain becomes insolvent.

The key concern is that these monies are held for long periods – often over two years. The funds designed to protect clients are frequently used to bolster working capital of the other party, which has an incentive to hold on to the cash as long as possible. During that time, the monies are at risk of insolvency up the supply chain; indeed, figures recently produced by Department for Business, Energy and Industrial Strategy (BEIS) have revealed that £700 million worth of retentions were lost over a three-year period as a result of such insolvencies. But these monies belong in law to the firms from which they were withheld.

My own company [has lost £XXX in the last X year(s)] [has £XXX withheld at the moment].

The failure of Carillion has brought the issues relating to retentions – and indeed, the wider procurement and payment systems within the construction industry – into particularly sharp focus. Innumerable specialist contractors, many of which will be SMEs, are likely to suffer as a result of the liquidation. Even if a company’s work has been completed and the company apparently fully paid, retention monies might still be outstanding. This money will now have been lost.

Peter Aldous MP introduced a Private Member’s Bill on 9 January 2018; the Bill seeks to protect cash retentions by requiring them to be placed in a retention deposit scheme, similar to the government approved schemes used for tenancy deposits.  Ring-fencing monies in this way would mean they are protected from being misused and remain secure and available to be used for defects or, where appropriate, released on time (rather than the current wait which can be two or more years).

A second reading date for the bill has been set down for 27 April. It is more important than ever to the construction industry that retention monies are protected [and so would ask you to support the bill at second reading].

[I would be delighted if you would care to visit our firm to discuss this further][Please get back to me if you have any questions]. Thank you in anticipation of your help.