

CYNGOR SIR POWYS COUNTY COUNCIL

**County Council
25th January 2018**

REPORT AUTHOR: County Councillor Rosemarie Harris, Leader

SUBJECT: Question from County Councillor James Gibson-Watt

In the light of the recent events connected with the collapse of Carillion, can the Leader reassure us that all outsourced contracts let by the County Council are worded such that where local subcontractors are used by the principal contractor the payment terms to such sub-contractors is no more than 30 days; and can she outline what measures Powys County Council has in place to ensure such payments are made in a timely manner? Can she further reassure us that the County Council will not be suffering any direct losses, either in terms of delayed contracts or actual financial loss, as a result of Carillion being placed in to administration?

The Council has recently adopted nationally recommended fair payment clauses within construction contracts now being entered into by the Council and will mandate this across the whole Council for all appropriate contracts as part of the Local Sourcing Strategy (Vision 2025). This includes payments terms within 30-days.

Clearly the collapse of Carillion has had a major detrimental impact on many contractors and sub-contractors, and the Council's Commissioning and Procurement unit will closely monitor the advice and guidance that comes out of lessons learned from the collapse and ensure that all reasonable steps are taken to protect sub-contractors in the future.

It would not be practicable, without significant additional resource, to undertake monitoring and checking of all payments made to sub-contractors by main contractors, and this is not currently planned for. However, where sub-contractors raise concerns with the County Council about late payments, these are followed up. All services have been asked to review their contracts and any exposure to risk as a result of the collapse of Carillion. Assessments to date indicate that the Council has a very low level of risk of exposure and it is not expected that the County Council will suffer any direct losses as a result of the Carillion collapse.