

Contractors in Tolent supply chain could be owed more than £50m, industry groups say

Contractors working in Tolent's supply chain could be out of pocket to the tune of £50m, industry organisations believe.

The Team Valley construction group fell into administration on Monday, citing huge losses on its biggest ever contract – the £85.5m Milburngate development in Durham – for triggering the chain of events that led to its failure. Interpath Advisory has been appointed as administrators of Tolent Plc and its subsidiaries, with work under way to keep sites going and seek solutions for the companies' assets.

The Gateshead group's failure, which led to the immediate redundancies of 313 staff, came days after Killingworth based Metnor Construction filed a notice of intention to appoint administrators. Business advisors have yet to be officially appointed at the company. And as the repercussions of Tolent and Metnor's collapse sink in, industry organisations have outlined support they are offering to affected staff, while also counting up the potential cost to smaller businesses within the North East supply chain.

Read more: [Former Tolent and Britishvolt workers consider legal action over redundancies](#)

The Northern Counties Builders Federation (NCBF), a trade association bringing together construction companies and contractors, and Construction Alliance Northeast (CAN), the network of regional construction and engineering companies which represent over 500 member companies, told of their fears.

Matthew McCarrick, board member of CAN, junior vice president

of NCBF and managing director of Chester-le-Street based McCarrick Construction, said: "It's tempting to see the published numbers of newly unemployed as a disaster in itself but this could be just the tip of the iceberg. Potentially hundreds of smaller local companies who form the supply chain for Metnor and Tolent employ, between them, tens of thousands of people across the North East, and many of them have been severely impacted financially by the twin collapse – after all, they still have wages to pay despite being owed thousands for works for which they will never receive a penny.

"On hearing what my subcontractors were saying, I wanted to do everything I could to ease their immediate cashflow problems. We offered support in the form of speeding up subcontractor payments, and shifted our project programmes around so that certain companies who found themselves suddenly with no work for their teams could stay busy, which has been crucial both in terms of their cashflow and, we are told, morale.

"We also arranged early release of retention payments – moneys which are held back by construction clients for a year, to make sure if any faults show up, that subcontractors are motivated to come back and fix them. These three measures have been instrumental – we have helped the people who have trusted us for years to be able to pay their staff on time and in a small way provided a safety net in the hope that they would not themselves enter financial difficulty.

"As a member of NCBF and CAN I am part of a large network of construction companies across the North East, to whom I posted an article on LinkedIn in the hope of asking more decision-makers to do the same. This call to action had a fantastic response and the NCBF committee are now hearing positive stories from across the region of companies who have followed suit and helped their supply chain at this critical moment.

"NCBF, on the collapse of the two companies, are deeply concerned for the staff of Tolent and Metnor, both those

directly impacted and the wider construction industry in the region. NCBF represents a network of regional contractors in the North East, all of who will be hit either directly or indirectly by the loss. Subcontractors are estimated to be owed in excess of £50m following the collapse of Tolent alone. Our members report that their supply chains which include not only subcontractors but also builders merchants, plant hire companies and suppliers of specialist materials are owed, in many cases, hundreds of thousands of pounds.”

Constructing Excellence in the North East (CENE) has approached the administrator at Tolent to identify the situation around displaced apprentices, to see what help and support can be given.

Contractors with vacancies waiting to be filled have listed opportunities on LinkedIn, with companies doing this including Esh Group, RE:GEN, Seymour Civil Engineering Contractors, MGL Group, Turner & Townsend and Mott MacDonald. Regional recruitment companies, including CDM Recruitment, are also placing displaced workers free of charge and CENE is now creating a jobs board on its website available to all to place job information.

Meanwhile, CENE is also a contributor to the Lighthouse Club Construction Charity, which has a helpline which offers support for people facing financial hardship, as well as a mental health helpline.

Carol Cairns, chair of CENE said: “These are concerning times, the construction sector is facing significant challenges around rising costs and skills shortage. It is great to see the North East construction sector coming together to support those affected by the bad news we have heard in the region during the past few days. We are stronger together and need to learn from best practice approaches to prevent this from happening in the future.”

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