

# Legal Issues 2019

What should UK Contractors be aware of?



## Brexit

The uncertainty continues as we approach the 29 March 2019 deadline. We expect to see an increasing number of Brexit related provisions in contracts to provide for risks and uncertainties arising as a result of Brexit.



## VAT

A new VAT regime on standard and reduced rate construction services comes into force on 1 October 2019. This new "reverse charge regime" will require the recipient of services, rather than the supplier, to account for any VAT due. Sub-contractor invoices will therefore no longer include VAT, but instead require the main contractor to self account for the required VAT.



## Building Regulation Changes

Building Regulations were amended from 21 December 2018 to, amongst other things, ban the use of combustible materials in all new residential buildings above 18 metres in England. This change reflects the current position in Scotland. Further Scottish regulations are likely to follow the results of a Scottish Government consultation which closed in September 2018.



## Updates to Payslips

The Employment Rights Act 1996 (Itemised Pay Statement) (Amendment) Order 2018 comes into force on 6 April 2019. From this date, employers must provide employees who are paid per hour itemised pay slips.



## Planning

The Planning (Scotland) Bill is expected to become law during 2019. The exact effects of the Bill are not yet known but indications are it will impact significantly on the future development of projects in Scotland.



## Drone Regulation

The Government has released its response to the consultation completed in Summer 2018 and announced that the new legislation will give police extra powers to land, seize and search drones, as well as require all operators of drones between 250g and 20kg to be registered. The response commits to finalising a Drones Bill in 2019.



## Retention

Retention has been a hot topic in 2018 and it will continue to be in 2019: as the UK Government has not yet published its response to the 2017 consultation on this topic, the BEIS committee has recommended that reforms to introduce compulsory project accounts for retention money are brought forward as soon as possible; the Aldous Bill is awaiting a second reading in Parliament; and the Scottish Government has announced that it will consult on the use of retention in spring 2019.



## Offsite Manufacture and Technology

In November 2018 the Government launched a consultation on the sector's state of preparation for offsite manufacture. It also announced a £72m Core Innovation Hub to carry out research and development in construction related innovations and techniques to help improve productivity. These areas will develop further in 2019 and beyond.



## Salary Reporting Regulations

Companies with an average of more than 250 employees will be required to report the difference in salary between their CEO and their average UK workers, as well as explain the ratio between the two. The Companies (Miscellaneous Reporting) Regulations 2018 will take effect on 1 January 2019, with the first reports due the following year.



## New Contracts

FIDIC plans to publish its contract for tunnelling works, the Emerald Book, in 2019. This addresses the specific issues encountered on a tunnelling project. In addition, a new version of the Short Form of Contract, the Green Book, is expected.

For more information please get in touch with your usual CMS contact.