



McMurdo Potipher Webb



Bonding Facilities

By arranging a facility through us our client has the advantage of being able to tender for a contract knowing that a bond will be available within the underwriting criteria which has been agreed and that credit lines with their bank are not affected. This means that borrowing facilities and working capital are safeguarded, enabling our client to plan ahead in the confident knowledge that they have the capability to carry out the contract and provide the bond.

Types of Bonds

■ Advance/Stage Payments Bond

In particularly large contracts, advance or stage payments are often required to assist with the contractor's mobilisation costs or the cost of raw materials. In exchange, the contractor will arrange for their surety to provide an Advance Payment Bond that will protect the customer in the event of the contractor defaulting under the terms of the contract.

■ Contract Performance Bond

A Performance Bond covers the damages suffered by the customer in the event of non-performance of the contract by the contractor. They may be required for statutory, contractual or marketing purposes across a wide range of commercial situations. A Performance Bond ensures the customer is safe in the knowledge that they are able to obtain satisfactory completion of the contract.

■ Road and Sewer Bonds

Local authorities and statutory agencies require bonds in connection with agreements under the Highways, Water and Planning Acts and other statutory provisions. The bond guarantees the completion of roads and sewers to enable them to be adopted by the relevant local authority. They are frequently required by property developers and house builders.

■ Pension Bonds

Under the local government pension scheme requirements, staff transferred from the employment of local authorities to private sector companies may choose to continue to belong to the local government pension scheme. The guarantee protects the local authority from loss in the event that the private sector company defaults in payment of contributions to the pension fund.

■ Retention/Maintenance Bonds

Instead of monies being held for the duration of a contract, the contractor can provide a bond as an alternative. The bond guarantees that the contractor will fulfil its maintenance (or defects liability) obligations under the contract.

