# Hadden Construction collapse intensifies calls for protection of specialist contractors



The collapse of Hadden Construction has sent ripples through the construction sector, with subcontractors facing losses of approximately £2 million. Yosof Ewing, a prominent advocate for specialist contractors and the founder of Adjudicate.co.uk, has highlighted the urgent need for legislative reforms to safeguard these often-overlooked players in the industry. Mr Ewing, who will speak at the upcoming Scottish Construction Summit, expressed his concerns by stating, “Specialist contractors are too often the ones left picking up the pieces. They carry the risk yet have the least protection. That must change.”

Hadden Construction, a housebuilder based in Perthshire, was unable to weather the storm of rising labour costs, material inflation, and interruptions to supply chains, leading to its insolvency and a staggering debt exceeding £10 million. Administrators have confirmed that unsecured creditors, including the subcontractors owed about £2 million, face grim prospects of recovery. The circumstances surrounding Hadden’s collapse raise critical questions about the financial health and practices of major firms in the construction landscape.

The construction industry has witnessed numerous similar failures in recent years, with nine notable collapses since Carillion’s demise in 2018. This alarming trend reveals a pattern of major companies operating with precarious debt levels. For instance, ISG's debt-to-turnover ratio stands at a staggering 50%, while Stewart Milne Group's ratio is reported at a concerning 89%. These stark figures are compounded by data from prior collapse cases like Dawnus, whose debt outstripped turnover by 166%. This troubling situation presents an urgent call to address the industry’s financial oversight, particularly as the average debt-to-turnover ratio among these collapses is now averaging around 70%.

“The impact of these failures goes far beyond unpaid invoices,” Mr Ewing emphasised. “It can mean the loss of homes, relationships, even lives. The human cost is immense.” The statement underscores not just the economic, but also the social ramifications of construction insolvencies, particularly for small subcontractors who often lack the means to weather such financial downturns.

To remedy these issues, Mr Ewing proposes a shift in legal and cultural perspectives towards accountability in the industry. He suggests that the UK could take lessons from the US by introducing anti-trust-style regulations that would hold directors and shareholders accountable for corporate misconduct. “It would send a message that you can’t use your supply chain as collateral,” he remarked, adding that the language we use should reflect this change. Advocating for the nomenclature to shift from “subcontractors” to “specialist contractors,” he believes this would restore respect and agency to those integral to actual project delivery.

As more firms face the consequences of economic pressures, including escalating material and labour costs—issues that directly impacted Hadden's viability—the urgency for protection and reform becomes even more pronounced. Many stakeholders within the industry are now calling for not just discussions and whitepapers but tangible changes that ensure the future stability of those who tread the precarious line between survival and insolvency.

With the loss of 66 jobs directly attributable to Hadden’s closure and the ongoing struggles faced by companies attempting to fulfil contracts amidst financial turbulence, the call for action is becoming impossible to ignore. Mr Ewing is determined that reforms bring about “Real protections. Real change. Real accountability.” As he gears up for the Scottish Construction Summit, the construction world will be keenly awaiting the response from industry leaders and legislators alike.

### Reference Map

1. Paragraphs 1, 2, 3, 4, 5, 6
2. Paragraphs 2, 3
3. Paragraph 2
4. Paragraphs 2, 4
5. Paragraphs 2, 4
6. Paragraph 2
7. Paragraphs 2, 4

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

1. <https://www.scottishlegal.com/articles/law-must-change-as-specialist-contractors-pay-the-price-for-hadden-collapse> - Please view link - unable to able to access data
2. <https://www.thecourier.co.uk/fp/business-environment/business/5127372/perthshire-housebuilder-hadden-collapsed-with-debts-of-10-million/> - This article reports on the collapse of Hadden Construction, a Perthshire-based housebuilder, which went into administration with debts exceeding £10 million. The administrators' report indicates that unsecured creditors, including subcontractors owed around £2 million, are unlikely to receive any repayment. The company cited rising labour costs and material inflation as contributing factors to its financial downfall.
3. <https://www.scottishconstructionnow.com/articles/supply-chain-owed-ps67m-from-hadden-collapse> - Following the administration of Hadden Construction, unsecured creditors, including subcontractors, are owed £6.7 million. The administrators, Alvarez & Marsal, have stated that it is highly unlikely these creditors will receive any repayment. The company faced challenges such as inflated material prices, rising labour costs, and supply chain interruptions, leading to its financial difficulties.
4. <https://www.thenational.scot/news/24574785.scottish-construction-firm-appoints-administrators-66-jobs-lost/> - Hadden Construction, a Scottish firm based in Perth and Kinross, appointed administrators, resulting in the loss of 66 jobs. The company cited inflation in material prices, rising labour costs, and supply chain interruptions as primary reasons for its closure. The administrators are seeking an orderly wind-down of operations and are open to investor interest in the company's assets.
5. <https://news.stv.tv/north/auchterarder-construction-firm-building-affordable-housing-collapses-as-66-jobs-lost> - Hadden Construction, headquartered in Auchterarder, has collapsed, leading to the loss of 66 jobs. The company was involved in various projects, including affordable housing and supported living apartments. Work on these sites will cease pending a review of ongoing projects. The collapse is attributed to rising labour costs and material inflation.
6. <https://www.thecourier.co.uk/fp/business-environment/business/5086964/owner-of-fife-veterinary-hospital-says-firms-collapse-cost-700k/> - The owner of a Fife veterinary hospital, John Ferguson, reports that the collapse of Hadden Construction has cost him over £700,000. The firm was the main contractor for the construction of the Ferguson Veterinary Clinic in Glenrothes. The project is now over budget and delayed due to the collapse, with efforts underway to complete the building.
7. <https://www.thecourier.co.uk/fp/business-environment/business/5078974/66-jobs-lost-as-perthshire-housebuilder-hadden-construction-goes-into-administration/> - Hadden Construction, one of Perthshire's largest housebuilders, has gone into administration, resulting in the loss of 66 jobs. The company cited rising material costs, wages, and supply chain interruptions as reasons for its collapse. Administrators are seeking an orderly wind-down of operations and are open to investor interest in the company's assets.