

Area 4 Interim

Construction Works Framework

Z clauses
(Term Service Contract)

Z Clauses (Term Service Contract)

Mandatory z Clauses

Clause Z1A Changes to Core and Secondary Option Clauses

11 Identified and defined terms

11.2(24) Amend the definition of "Disallowed Cost" as follows

- before the third main bullet point insert an extra bullet point
- was incurred in connection with additional audits of the *Contractor's* quality management system carried out by or on behalf of the *Service Manager*,
- after the third main bullet point (before the first sub-bullet) insert an extra sub-bullet
- follow a Process or Procedure stated in his Quality Plan,
- before the fourth main bullet point insert an extra bullet point
- correcting Defects after Scheme Completion,

11.2 Add the following defined terms

(30) A Community Scheme is a Scheme to which the *Service Manager* decides that clause Z57 will apply.

(31) Defects Certificate is either a list of Defects relating to a Task that the *Service Manager* has notified before the *defects date* which the *Contractor* has not corrected or, if there are no such Defects, a statement that there are none.

(32) Enforcement Action is enforcement action brought by a regulatory authority against the *Contractor* or an Associated Company under any health and safety or environmental legislation, including a successful prosecution or the issue of a prohibition or improvement notice under any contract.

(33) Framework Contract is the framework contract between the Parties pursuant to which the contract was awarded to the *Contractor*.

(34) Information Systems are the systems specified in the Scope for the collection and storage of information regarding the Affected Property or any revised systems introduced by the *Client* from time to time.

(35) A Key Date is the date by which work is to meet the condition stated in a Task Order unless later changed in accordance with the contract.

(36) Licence is the document entitled "Highways England: Licence" dated April 2015 listed in Annex 3 to the Scope.

(37) A Non-Community Scheme is a Scheme to which the *Service Manager* decides that clause Z57 will not apply.

(38) Other Works Contractors are the contractors (other than the *Contractor*) to whom the *Service Manager* issues Other Works Orders in relation to a Scheme.

(39) Other Works Contracts are the contracts entered into by the *Client* with Other Works Contractors for the carrying out of repair, renewal and improvement works to the Affected Property. The Other Works Contracts include provisions similar to clauses 19 and Z57.

(40) Other Works Order is an order issued by the *Service Manager* pursuant to an Other Works Contract for the carrying out of work comprised in a Scheme.

(41) Staff Rates are the rates for individuals calculated with reference to the Staff Rate Table in the Financial Submission Workbook.

(42) Performance Adjustment Schedule is the schedule identified in the Additional Contract Data setting out

- aspects of performance by the *Contractor*,
- minimum performance levels and
- the mechanism for assessing the amount due to the *Contractor* from the Term Incentive Fund by reference to actual performance against the minimum levels.

(43) Personal Data are any data relating to an identified or identifiable individual that are within the scope of protection as “personal data” under the Data Protection Acts.

(44) RIDDOR Incident is an incident occurring under any contract between

- the *Contractor* or an Associated Company and
- the *Client* or any other person

which results in death or serious injury to any worker or non-worker and for which the *Contractor* is responsible under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 (or any replacement of it).

(45) A Scheme is a group of works to be carried out by the *Contractor* and Other Works Contractors for the repair, renewal or improvement of a section of the Affected Property as briefly described in a Task Order.

(46) Scheme Completion is when the *Service Manager* certifies that all the work comprised in a Scheme has been completed and that any defects in the Scheme (including any Defects) that would have prevented the *Client* and Others from using the Affected Property and Others from doing their work have been corrected.

(47) Scheme Early Warning Register is a register of the matters agreed between the *Contractor*, the Other Works Contractors and the *Service Manager* or notified by the *Contractor*, an Other Works Contractor or the *Service Manager* as early warning matters in respect of a Scheme. It includes a description of the matter and the way in which the effects of the matter are to be avoided or reduced.

(48) Scheme Incentive Fund is the fund accumulated in relation to a Community Scheme for distribution between the *Contractor* and any eligible Other Works Contractors in accordance with clause Z57.5, comprising the total of

- amounts credited to the Scheme Incentive Fund in accordance with clause Z57.2 and the equivalent clauses in the Other Works Contracts less
- amounts debited to the Scheme Incentive Fund in accordance with clause Z57.3 and the equivalent clauses in the Other Works Contracts

provided the Scheme Incentive Fund can never be less than zero.

(49) The Secretary of State is the Secretary of State for Transport.

(50) The Site is that part of the Affected Property which is affected by work in a Task.

(51) Term Incentive Fund is the fund accumulated in relation to the Service Period for distribution between the *Contractor* and all other contractors engaged by the *Client* to carry out repair, renewal or improvement works to the Affected Property during the Service Period, comprising the total of amounts credited to the Term Incentive Fund in accordance with clause Z57.2 and the equivalent clauses in the Other Works Contracts, provided that (where the Affected Property comprises more than one Highways England Area) a separate Term Incentive Fund will accumulate in relation to each such Area.

(52) The Working Areas are those parts of the Affected Property which are identified in a Task Order as being necessary for carrying out the Task unless later changed in accordance with the contract.

14 The Service Manager

14.3 In line 2 after "Task" insert ", a Key Date".

15 Early warning

15.1 Add after the first bullet point

- increase the cost incurred by any Other Works Contractor,
- delay Scheme Completion or meeting a Key Date,
- disrupt the progress of work being carried out by any Other Works Contractor,
- increase the whole life cost of any asset forming part of the Affected Property,

15.2 In line 9 after "other people" insert "(including any Other Works Contractor)".

15.3 In the fourth bullet point after "Early Warning Register" insert "and any Scheme Early Warning Register".

15.4 In line 1 after "Early Warning Register" insert "and any Scheme Early Warning Register"; in line 2 after "Early Warning Register" insert "and any revised Scheme Early Warning Register"; in line 3 after "Scope" insert "or any Task Order"; in line 4 after "Early Warning Register" insert "or the revised Scheme Early Warning Register".

19 Task Orders

19.1 After the second bullet point insert the following bullet points

- a statement as to whether Option C or Option E applies to the Task,
- if Option C applies to the Task, a statement as to whether the Scheme of which the Task forms part is a Community Scheme or a Non-Community Scheme,
- if Option E applies to the Task, a statement as to whether section 1 or section 1A of the Schedule of Cost Components applies to the Task,
- a Scheme Early Warning Register,
- details of any tests and inspections in relation to the Task required to be done by the *Contractor* or the *Service Manager* that are not stated in the Scope,
- any Key Dates and the condition which is to be met by each Key Date,

24 Subcontracting

In clause 24.3, insert an additional bullet point before the third bullet point

- they do not include all the provisions specified in the Scope,

26 Assignment

Delete clause 26.

27 Disclosure

Delete clause 27.

30 Starting and the Service Period

30.2 In line 3 after "Task Completion Date" insert "and so that the condition stated for each Key Date is met by the Key Date".

33 Task Order programme

33.2 In the first bullet point after “starting date” insert “, any Key Dates”.

41 Tests and inspections

41.1 In line 1 after “Scope” insert “, any Task Order”.

41.2 In line 2 after “Scope” insert “or in any Task Order”.

42 Testing and inspection before delivery

42.1 In line 1 after “Scope” insert “or any Task Order”.

43 Notifying and correcting Defects

43.1 In line 1 delete “end of the Service Period” and insert “*defects date* for a Scheme”.

43.3 In lines 1 and 2 delete “within a time which minimises the adverse effect on the *Client* or *Others*” and insert “before the end of the *defect correction period*. The *defect correction period* begins at Scheme Completion for Defects notified before Scheme Completion and when the Defect is notified for other Defects”.

43.4 At the end insert “In this case the *defect correction period* begins when the necessary access has been provided.”

50 Assessing the amount due

50.1 In line 1 after “due at” insert “the last day of the calendar month before”; in lines 2 and 3 delete “decided by ... *starting date*” and insert “stated in the Contract Data”; in the first bullet point after “Service Period” insert “and when any *Contractor’s* share under clause 54 or clause Z57 is assessed”.

50.2 In line 2 after “due at” insert “the last day of the calendar month before”.

50.3 In line 2 after “due at” insert “the last day of the calendar month before”.

50.4 In line 2 and in the first and second bullet points after “due at” insert “the last day of the calendar month before”.

51 Payment

51.2 Delete the first sentence, including the two bullet points.

53 Final assessment

53.1 In line 1 after “amount due” insert “in relation to each Task”; in the first bullet point after “Service Period” insert “or, where the *service* comprises the carrying out of Tasks forming part of a Scheme, the *defects date* for the Task”.

53.3 In line 2 delete “contract” and insert “Task”.

53.4 In the last line delete “contract” and insert “Task”.

60 Compensation events

60.1(1) In line 1 after “Task” insert “, a Key Date”; before the first bullet point insert the following bullet points

- a change to the Information Systems or the introduction of a new Information System,
- a change to the method of or requirements for performance measurement,
- a change which is stated elsewhere in these *conditions of contract* not to be a compensation event,

60.1(5) At the end (before the full stop) insert “or to change a Key Date, unless the instruction relates to a notification from the *Contractor* that a conflict of interest may exist or arise”.

61 Notifying compensation events

- 61.4 Delete the third bullet point and insert the following bullet points in its place
- arises from an act, omission or default of the *Contractor* or an Associated Company under the contract or an Other Works Order,
 - was something of which the *Contractor* was or ought to have been aware at the Contract Date,

62 Quotations for compensation events

- 62.2 In line 2 after “Task Completion Date” insert “and any Key Dates”.

63 Assessing compensation events

- 63.2 In line 1 after “other compensation events,” insert “unless the contract states otherwise,”.

- 63.6 Delete the first paragraph and insert

“A delay to a Task Completion Date or a Key Date is assessed as the length of time that, due to the compensation event, planned Task Completion or the planned date when the condition stated for the Key Date will be met is later than the date shown on the Task Order programme current at the dividing date.”

66 Implementing compensation events

- 66.2 In line 1 after “Prices” insert “, any Key Dates”.

83 Insurance cover

Delete clause 83 and insert

- 83.1 The *Contractor* provides the insurances stated in, and to comply with the requirements set out in, Annex 4 to the Scope.

Option C: Target contract with Price List

Add the following preamble paragraphs at the start of this section

- 1 The provisions of this Option apply separately to each Task to which the Task Order states that Option C applies and not to the whole of the *service*.
- 2 Clause 54 applies only to Tasks which form part of a Non-Community Scheme. Where a Task forms part of a Community Scheme, clause Z57 applies in its place.
- 20.3 In lines 1 and 2 delete “Accepted Plan” and insert “Task Order programme”.
- 20.4 In lines 3 and 4 delete “*starting date* until the end of the Service Period” and insert “starting date until the *defects date* for the Task”.

Option E: Cost reimbursable contract

Add the following preamble paragraph at the start of this section

- 1 The provisions of this Option apply separately to each Task to which the Task Order states that Option E applies and not to the whole of the *service*.

Where Option E applies and the *service* comprises the carrying out of Tasks forming part of a Scheme, the following additional amendments apply:

- 20.3 In lines 1 and 2 delete “Accepted Plan” and insert “Task Order programme”.
- 20.4 In lines 3 and 4 delete “*starting date* until the end of the Service Period” and insert “starting date until the *defects date* for the Task”.

Option X2: Changes in the law

- X2.1 In line 2 after “Contract Date” add “unless the change and its effects could reasonably have been anticipated by the *Contractor* prior to the Contract Date”.

Option X10: Information modelling

X10.7(3) Delete.

Option X18: Limitation of liability

X18.5 Insert the following additional excluded matters

- fraud or fraudulent misrepresentation,
- events for which the contract requires the *Contractor* to insure (but only up to the required level for each type of insurance stated in the Scope),
- infringement of the rights of Others,
- loss or damage
 - to third party property or
 - due to pollution,
- loss arising from breach of
 - confidentiality or data protection obligations or
 - anti-bribery or anti-corruption obligations,
- interest on debt and
- losses caused by the *Contractor's* illegal acts, deliberate default, deliberate abandonment or reckless misconduct.

Option Y(UK)1: Project Bank Account

Y1.6 After the second sentence insert

The *Client* may propose that a Supplier is added to the Named Suppliers. The *Contractor* accepts the proposal if the addition of the Supplier to the Named Suppliers is practicable.

Option Y(UK)2: The Housing Grants, Construction and Regeneration Act 1996

Y2.2 Delete the first two sentences (including the four bullet points) and insert The *Contractor* submits separate invoices on or before each *invoice date* for

- work relating to Tasks and
- other work under this contract.

Invoices are in the format and contain all the details specified in the Scope or required by the *Service Manager*. The *Contractor* submits such information as the *Service Manager* requires to show that the amount stated as due in each invoice has been correctly assessed.

The date on which a payment becomes due is the next *invoice date* after the date when the *Contractor* submits an invoice for the amount due (as certified by the *Service Manager*) and certifies the relevant details in accordance with the *Client's* electronic invoicing system (or the *invoice date*, if the *Contractor* submits his invoice and certifies the details on that date).

Schedule of Cost Components**Section 1 – People**

The following amendments to section 1 have effect

- where Option C applies to a Task or
- where Option E applies to a Task and the Task Order states that section 1 applies.

Delete paragraph 12(f) and insert “statutory redundancy and notice severance on a pro rata basis for the period engaged in order to Provide the Service where redundancy arises because the person is no longer required to be employed to Provide the Service and that person cannot be deployed elsewhere. The amount of the statutory redundancy and notice severance will relate only to the length of service of that person in order to Provide the Service.”

In paragraph 13(j) after “pensions” insert “excluding payments made in relation to any pensions deficits”.

In paragraph 13(o) after “safety training” insert “specific to Providing the Services in the Affected Property”.

Where Option E applies to a Task and the Task Order so states, delete section 1 and insert the following (section 1A):

People **1A** The following components of the cost of individuals

11A Amounts calculated by multiplying each of the Staff Rates by the total time appropriate to that rate properly spent on work in the contract.

Section 4 – Subcontractors

Delete paragraph 41 and insert

Payments to Subcontractors for work which is subcontracted (excluding work subcontracted to an Associated Company) without taking into account any amounts paid to or retained from the Subcontractor by the *Contractor*, which would result in the *Client* paying or retaining the amount twice.

Clause Z10A Subcontracting

Z10A.1 The *Contractor* assesses the amount due to a subcontractor without taking into account the amount assessed under this contract.

Z10A.2 The *Service Manager* may, having stated his reasons, instruct the *Contractor* to remove a subcontractor. The *Contractor* then arranges the removal of the subcontractor and the appointment of a replacement in accordance with the contract.

Z10A.3 If the *Contractor* subcontracts work to an Associated Company, the Defined Cost of the work subcontracted is assessed as if the work had not been subcontracted unless otherwise agreed by the *Service Manager*.

Z10A.4 Before

- appointing a proposed Subcontractor or
- allowing a Subcontractor to appoint a proposed subsubcontractor the *Contractor* submits to the *Service Manager* for acceptance
- either
 - a European Single Procurement Document (as described in regulation 59 of the Public Contracts Regulations 2015) in respect of the proposed Subcontractor or subsubcontractor or
 - other means of proof (as specified in regulations 60(4) and 60(5) of the Public Contracts Regulations 2015) that none of the mandatory or discretionary grounds for exclusion referred to in regulation 57 of the Public Contracts Regulations 2015

applies to the proposed Subcontractor or subsubcontractor and

- details of any RIDDOR Incident under any contract for which the proposed Subcontractor or subsubcontractor is responsible and of any Enforcement Action brought against the proposed Subcontractor or subsubcontractor.

Z10A.5 The *Contractor* does not appoint the proposed Subcontractor (or allow the Subcontractor to appoint the proposed subsubcontractor) until the *Service Manager* has accepted the submission. A reason for not accepting the submission is that

- it shows that there are grounds for excluding the proposed Subcontractor or subsubcontractor under regulation 57 of the Public Contracts Regulations 2015 or
- the *Service Manager* is not satisfied that the proposed Subcontractor or subsubcontractor has put in place adequate measures to ensure that the RIDDOR Incident or Enforcement Action will not recur.

Z10A.6 If requested by the *Service Manager*, the *Contractor* provides further information to support, update or clarify a submission under clause Z10A.4.

Z10A.7 If, following the acceptance of a submission under clause Z10A.5, it is found that

- one of the grounds for excluding the Subcontractor or subsubcontractor under regulation 57 of the Public Contracts Regulations 2015 applies or
- the Subcontractor or subsubcontractor has not put in place adequate measures to ensure that the RIDDOR Incident or Enforcement Action will not recur

the *Service Manager* may instruct the *Contractor* to

- replace the Subcontractor or
- require the Subcontractor to replace the subsubcontractor.

Clause Z16A Interpretation

Z16A.1 An amount due under the contract calculated by reference to a sum incurred by any person includes value added tax only to the extent that it is not recoverable as input tax by that person (or a member of the same tax group) by set-off or repayment.

Clause Z20 Infrastructure Act 2015

Z20.1 The *Contractor* Provides the Service in compliance with, and so as not to put the *Client* in breach of

- the Licence and
- any other directions and guidance issued by the Secretary of State to the *Client* under section 6 of the Infrastructure Act 2015 (and notified by the *Service Manager* to the *Contractor*).

Z20.2 The *Service Manager* notifies the *Contractor* of any notice issued by the Office of Rail and Road to the *Client* under section 11(2)(a) of the

Infrastructure Act 2015 that relates to the *service*. The *Contractor* complies with the terms of any such notice and indemnifies the *Client* against any associated fine imposed on the *Client* under section 11(2)(b) of that Act.

Clause Z27A Termination – PCRs, Regulation 73

Z27A.1 The *Client* may terminate if one of the mandatory or discretionary grounds for exclusion referred to in regulation 57 of the Public Contracts Regulations 2015 applied to the *Contractor* at the Contract Date. The procedure and amount due on termination are the same as for reason R11.

Z27A.2 The *Client* may terminate if

- the contract has been subject to a substantial modification which would have required a new procurement procedure pursuant to regulation 72 of the Public Contracts Regulations 2015 or
- the Court of Justice of the European Union declares, in a procedure under Article 258 of the Treaty on the Functioning of the European Union, that a serious infringement of the obligations under the European Union Treaties and the Public Contracts Directive has occurred.

The procedure and amount due on termination are the same as for

- R18 if the modification or infringement was due to a default by the *Contractor*,
- R19 if the modification or infringement was due to a default by the *Client* and
- R20 if the modification or infringement was due to any other reason.

Clause Z28A Termination and removal of services

Z28A.1 The following are treated as the *Contractor* having substantially hindered the *Client* or Others

- the *Contractor* substantially or repeatedly breaks a requirement of environmental legislation,
- the *Contractor* persistently or materially fails to comply with the Promises Statement or to meet any of the Performance Requirements or
- a key resource needed by the *Contractor* to Provide the Service is no longer available and the *Contractor* does not propose an alternative resource acceptable to the *Service Manager*.

Z28A.2 The *Service Manager* may instruct the *Contractor* that

- part of the Affected Property or part of the *service* is to be permanently removed from the contract or
- for urgent reasons of health and safety, part of the *service* is to be temporarily removed from the contract.

In either case the *Contractor* acknowledges that the *Client* may itself, or appoint another supplier in place of the *Contractor* to

- provide services similar to the *service* (or part of it) in relation to that part of the Affected Property or
- provide services similar to the removed *service* (or part of it).

Z28A.3 An instruction given under clause Z28A.2 is assessed as a compensation event, except that if the instruction is given for one of the reasons R1-R15, R18 or R21, the assessment includes a deduction of the forecast of the additional cost to the *Client* of completing the removed *service*.

Clause Z30A Basis of contract and compensation events

Z30A.1 The *Contractor* is deemed to have satisfied himself before entering into the contract

- as to the scope and nature of the *service* and his obligations under the contract,
- as to the basis of payment for the *service* and
- that it has all the information necessary to enable it to Provide the Service in accordance with the contract.
-

Clause Z32 Project Bank Account

[Note: this clause will apply only if Option Y(UK)1 is stated to apply in the additional Contract Data for the Package Order.]

Z32.1 The *Client* may notify the *Contractor* that payments under the contract will no longer be made using the Project Bank Account. This notice is a compensation event. Within one week of the *Client's* notice, the *Contractor* notifies the Named Suppliers that the Project Bank Account is no longer to be used and proposes an alternative method to ensure that the Named Suppliers receive payments in accordance with their contracts.

Clause Z33A Joint ventures

Z33A.1 Where two or more Consortium Members comprise the *Contractor*

- any payment made to a Consortium Member is treated to that extent as a discharge of the *Client's* obligation to make payment to the *Contractor* and
- clause 91.1 is amended by inserting after "the other Party" wherever it appears (three places) the words "(or, in the case of the *Contractor*, any Consortium Member)".

Clause Z36 Construction Industry Scheme

Z36.1 In this clause Z36 (but not otherwise)

- the Act is the Finance Act 2004 and
- the Regulations are the Income Tax (Construction Industry Scheme) Regulations 2005 (SI 2005/2045).

- Z36.2 The contract falls within the scope of the Construction Industry Scheme provided for by Chapter 3, Part 3 of the Act.
- Z36.3 The *Contractor* provides the information required by the Regulations to enable the *Client* to verify (in accordance with paragraph 6 of the Regulations) whether the *Contractor* under the Act
- is registered for gross payment,
 - is registered for payment under deduction,
 - is exempt from registration as a local authority or other public body or
 - is neither registered nor exempt from registration.
- Z36.4 If the *Contractor* is registered for payment under deduction or is neither registered nor exempt from registration
- the *Contractor* submits an application for payment which separately identifies the cost of labour and
 - the *Client* deducts the relevant percentage from the payment in accordance with the Act and the Regulations..

Clause Z37 Indemnified claims

- Z37.1 The *Client* notifies the *Contractor* as soon as practicable of any notice or demand which it receives in respect of a claim made by a third party against the *Client* in respect of a matter for which the *Contractor* is liable under the contract (an Indemnified Claim).
- Z37.2 The *Contractor* may elect to conduct the defence of any Indemnified Claim (including any settlement negotiations) in the name of the *Client*. The *Client* co-operates with and gives reasonable assistance to the *Contractor* in defending the Indemnified Claim.
- Z37.3 The *Contractor* keeps the *Client* fully informed and consults with the *Client* as appropriate in relation to the conduct of any Indemnified Claim.
- Z37.4 Where the *Contractor* is diligently conducting the defence of an Indemnified Claim, the *Client* does not settle nor agree to make a payment in respect of the Indemnified Claim without the prior consent of the *Contractor*.
- Z37.5 The *Contractor* bears the costs which it incurs in defending an Indemnified Claim. The *Contractor* indemnifies the *Client* against any costs incurred by the *Client* arising out of the *Contractor's* defence of the Indemnified Claim.
- Z37.6 The *Client* may give the *Contractor* notice that the *Client* is taking over the conduct of an Indemnified Claim. On receipt of the *Client's* notice the *Contractor*
- takes all the steps necessary to transfer the conduct of the Indemnified Claim to the *Client* and
 - co-operates with and gives reasonable assistance to the *Client* in defending the Indemnified Claim.

Z37.7 Where the reason for the *Client's* notice is not due to the fault of the *Contractor* in conducting the Indemnified Claim, the *Contractor* is released from its indemnity to the *Client* in respect of it.

OPTIONAL Z CLAUSES

Clause Z42 Plant and Materials, Equipment and objects of value

Z42.1 Whatever title the *Contractor* has to Plant and Materials passes to the *Client* if they are

- brought within the Affected Property or
- marked or otherwise allocated as for this contract.

Z42.2 At the end of the *service period*, the *Service Manager* may instruct or allow the *Contractor* to remove from the Affected Property any unused Plant and Materials, in which event the title to those Plant and Materials passes back to the *Contractor* when they are removed. If the *Service Manager* does not instruct or allow the *Contractor* to remove Plant and Materials, the *Contractor* leaves them within the Affected Property for the use of the *Client*.

Z42.3 The *Contractor* has title to all materials from excavation and demolition unless clause Z42.4 applies or otherwise stated in the Scope.

Z42.4 The *Contractor* has no title to an object of value or of historical or other interest found on, in or under the Affected Property. The *Contractor* notifies the *Service Manager* when such an object is found and the *Service Manager* instructs the *Contractor* how to deal with it. The *Contractor* does not move the object without instructions.

Clause Z52 Task Orders

Z52.1 Where compensation event (24) applies, the assessment of the resulting change to the Prices takes into account any payment made by the *Client* for the other work, so that the *Client* does not pay twice for the same resources.

Z52.2 The *Service Manager* may instruct the *Contractor* to carry out a Task in an emergency before the requirements of clauses 19.1 to 19.5 have been fully complied with. If so

- the *Service Manager* provides any of the matters listed in clause 19.1 which it has not provided and
- the *Contractor* submits its quotation for the Task as soon as practical after the Task Order is issued.

Clause Z53 [Not used].

Clause Z54 Searching for and correcting Defects

Z54.1 Until the *defects date*, the *Service Manager* may instruct the *Contractor* to search for a Defect. The *Service Manager* gives reasons for the search with the instruction. Searching may include

- uncovering, dismantling, re-covering and re-erecting work,

- providing facilities, materials and samples for tests and inspections done by the *Service Manager* and
 - doing tests and inspections which the Scope does not require.
- Z54.2 The *Service Manager* issues the Defects Certificate at the *defects date* if there are no notified Defects, or otherwise at the earlier of
- the end of the last *defect correction period* and
 - the date when all notified Defects have been corrected.
- . The *Client's* rights in respect of a Defect which the *Service Manager* has not found or notified are not affected by the issue of the Defects Certificate.
- Z54.3 If the *Contractor* is given access in order to correct a notified Defect but has not corrected it within its *defect correction period*, the *Service Manager* assesses the cost to the *Client* of having the Defect corrected by other people and the *Contractor* pays this amount. The Scope is treated as having been changed to accept the Defect.
- Z54.4 If the *Contractor* is not given access in order to correct a notified Defect before the *defects date*, the *Service Manager* assesses the cost to the *Contractor* of correcting the Defect and the *Contractor* pays this amount. The Scope is treated as having been changed to accept the Defect.
- Z54.5 Where the correction of a Defect includes the removal, replacement or making good of work carried out by an Other Works Contractor, the *Service Manager* may instruct the *Contractor* that the Other Works Contractor will carry out the removal, replacement or making good. The *Service Manager* assesses the cost incurred by the *Client* in connection with the removal, replacement or making good and the *Contractor* pays this amount.

Clause Z55 Adding to the Working Areas

- Z55.1 The *Contractor* may submit a proposal for adding to the Working Areas to the *Service Manager* for acceptance. A reason for not accepting is that the proposed area is either not necessary for carrying out the Task or is used for work not in the contract.

Clause Z56 Acceptance of the Contractor's design

- Z56.1 The *Contractor* submits particulars of its design as the Scope or any Task Order requires to the *Service Manager* for acceptance.
- Z56.2 A reason for not accepting the *Contractor's* design is that it does not comply with the Scope, the Task Order or the applicable law.
- Z56.3 The *Contractor* does not proceed with the relevant work until the *Service Manager* has accepted its design.
- Z56.4 The *Contractor* may submit its design for acceptance in parts if the design of each part can be assessed fully.

Clause Z57 Not Used