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Articles of Agreement

This Agreement is made the _____ 20____

Between

The Employer _____

(Company No. _____)^[1]

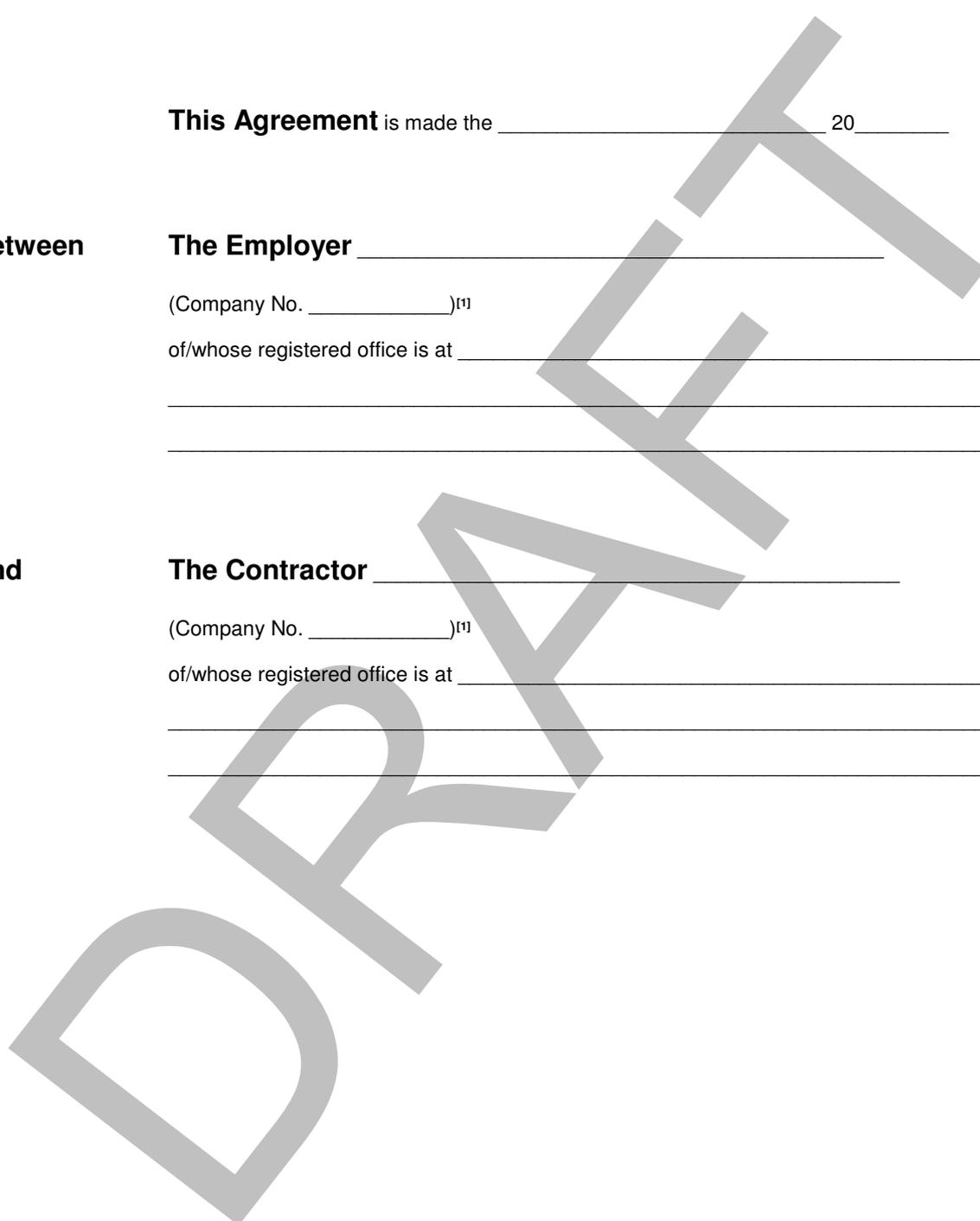
of/whose registered office is at _____

And

The Contractor _____

(Company No. _____)^[1]

of/whose registered office is at _____



^[1] Where the Employer or Contractor is not a company incorporated under the Companies Acts, delete the references to Company number and registered office.

Recitals

Whereas

First the Employer wishes to have the following work carried out^[2]:

at

_____ ('the Works')

under the direction of the Architect/Contract Administrator referred to in Article 3;

Second the Works include the design and construction of^[3]

1) _____

2) _____

3) _____

('the Contractor's Designed Portion');

Third the Employer has had the following documents prepared which show and describe the work to be done:

the drawings numbered/listed in _____ ('the Contract Drawings')^{[4][5]}

a Specification ('the Contract Specification')^[4]

Work Schedules^[4]

other documents showing or describing or otherwise stating his requirements for the design and construction of the Contractor's Designed Portion ('the Employer's Requirements')

which for identification have been signed or initialled by or on behalf of each Party and those documents together with the Conditions and, if applicable, a Schedule of Rates as referred to in the Fourth Recital (collectively 'the Contract Documents') are annexed to this Agreement^[6];

Fourth the Contractor has supplied the Employer with a copy of the priced Contract Specification or Work Schedules or provided a Schedule of Rates^[4];

Fifth for the purposes of the Construction Industry Scheme (CIS) under the Finance Act 2004, the status of the Employer is, as at the Base Date, that stated in the Contract Particulars;

Sixth for the purposes of the Construction (Design and Management) Regulations 2007 (the 'CDM Regulations') the status of the project that comprises or includes the Works is stated in the Contract Particulars;

[2] State nature and location of intended works.
 [3] State nature of work in the Contractor's Designed Portion and continue on a separate sheet if necessary, which sheet should be signed or initialled by or on behalf of each Party and identified here, either as a specified Annex to this Contract or by its reference number, date or other identifier.
 [4] Delete as appropriate.
 [5] State the identifying numbers of the Contract Drawings or identify the schedule of drawings or other document listing them.
 [6] Where a Contract Document has been priced by the Contractor it is that version of the document that should be annexed.

Seventh where so stated in the Contract Particulars, this Contract is supplemented by the Framework Agreement identified in those particulars;

Eighth the Supplemental Provisions identified in the Contract Particulars apply;

Articles

Now it is hereby agreed as follows

Article 1: Contractor's obligations

The Contractor shall carry out and complete the Works in accordance with the Contract Documents.

Article 2: Contract Sum

The Employer will pay the Contractor at the times and in the manner specified in the Conditions the VAT-exclusive sum of

_____ (£ _____) ('the Contract Sum')

or such other sum as shall become payable under this Contract.

Article 3: Architect/Contract Administrator

For the purposes of this Contract the Architect/Contract Administrator^[7] is

of _____

or, if he ceases to be the Architect/Contract Administrator, such other person as the Employer shall nominate for that purpose (such nomination to be made within 14 days of the cessation), provided that no replacement Architect/Contract Administrator appointed for this Contract shall be entitled to disregard or overrule any certificate, opinion, decision, approval or instruction given by any predecessor in that post, save to the extent that that predecessor if still in the post would then have had power under this Contract to do so.

Article 4: CDM Co-ordinator

The CDM Co-ordinator for the purposes of the CDM Regulations is the Architect/Contract Administrator

^[7] Where the person named in Article 3 is entitled to the use of the name 'Architect' under and in accordance with the Architects Act 1997 delete 'Contract Administrator': in all other cases delete 'Architect'. Where 'Architect' is deleted here, the expression 'Architect' shall be deemed to have been deleted throughout this Contract; where 'Contract Administrator' is deleted here, the expression 'Contract Administrator' shall be deemed to have been deleted throughout.

(or)^[8] _____
 of _____

or, if he ceases to be the CDM Co-ordinator, such other person as the Employer shall appoint pursuant to regulation 14(3) of those regulations.

Article 5: Principal Contractor

The Principal Contractor for the purposes of the CDM Regulations is the Contractor

(or)^[8] _____
 of _____

or, if he ceases to be the Principal Contractor, such other contractor as the Employer shall appoint pursuant to regulation 14(3) of those regulations.

Article 6: Adjudication

If any dispute or difference arises under this Contract either Party may refer it to adjudication in accordance with clause 7-2.^[9]

Article 7: Arbitration

Where Article 7 applies^[10], then, subject to Article 6 and the exceptions set out below, any dispute or difference between the Parties of any kind whatsoever arising out of or in connection with this Contract shall be referred to arbitration in accordance with Schedule 1 and the JCT 2011 edition of the Construction Industry Model Arbitration Rules (CIMAR)^[11]. The exceptions to this Article 7 are:

- any disputes or differences arising under or in respect of the Construction Industry Scheme or VAT, to the extent that legislation provides another method of resolving such disputes or differences; and
- any disputes or differences in connection with the enforcement of any decision of an Adjudicator.

Article 8: Legal proceedings^[10]

Subject to Article 6 and (where it applies) to Article 7, the English courts shall have jurisdiction over any dispute or difference between the Parties which arises out of or in connection with this Contract.

^[8] Insert the name of the CDM Co-ordinator only where the Architect/Contract Administrator is not to fulfil that role, and that of the Principal Contractor only if that is to be a person other than the Contractor. If the project that comprises or includes the Works is not notifiable under the CDM Regulations 2007 – see the Contract Particulars (Sixth Recital), delete Articles 4 and 5 in their entirety.

^[9] As to adjudication in cases where the Employer is a residential occupier within the meaning of section 106 of the Housing Grants, Construction and Regeneration Act 1996, see the Guidance Notes.

^[10] If it is intended, subject to the right of adjudication and exceptions stated in Article 7, that disputes or differences should be determined by arbitration and not by legal proceedings, the Contract Particulars **must** state that the arbitration provisions of Article 7 and Schedule 1 apply and the words “do not apply” **must** be deleted. If the Parties wish any dispute or difference to be determined by the courts of another jurisdiction the appropriate amendment should be made to Article 8 (see also clause 1-7).

^[11] See the Guidance Notes.

Contract Particulars

Note: An asterisk * indicates where selection has been or should have been made.

Clause etc.	Subject	
Fifth Recital and Schedule 2 (paragraphs 1-1, 1-2, 1-5, 1-6, 2-1 and 2-2)	Base Date	_____
Fifth Recital and clause 4-2	Construction Industry Scheme (CIS)	* Employer at the Base Date is a 'contractor'/is not a 'contractor' for the purposes of the CIS
Sixth Recital	CDM Regulations ^[12]	* the project is/is not notifiable
Seventh Recital	Framework Agreement (if applicable) (State date, title and parties.)	_____ _____ _____
Eighth Recital and Schedule 3	Supplemental Provisions (Where neither entry against an item below is deleted, the relevant paragraph applies.)	
	Collaborative working	* Paragraph 1 applies/does not apply
	Health and safety	* Paragraph 2 applies/does not apply
	Cost savings and value improvements	* Paragraph 3 applies/does not apply
	Sustainable development and environmental considerations	* Paragraph 4 applies/does not apply
	Performance Indicators and monitoring	* Paragraph 5 applies/does not apply
	Notification and negotiation of disputes	* Paragraph 6 applies/does not apply

^[12] A project is not notifiable under the CDM Regulations where it is not likely to involve more than 30 days, or 500 person days, of construction work or it is being carried out for a residential occupier as a purely domestic project.

Where paragraph 6 applies, the respective nominees of the Parties are

Employer's nominee

Contractor's nominee

or such replacement as each Party may notify to the other from time to time

Article 7

Arbitration
(If neither entry is deleted, Article 7 and Schedule 1 do not apply. If disputes and differences are to be determined by arbitration and not by legal proceedings, it must be stated that Article 7 and Schedule 1 apply.)^[13]

* Article 7 and Schedule 1 (*Arbitration*) apply/do not apply

1-1

CDM Planning Period^[14]

shall mean the period of _____ * days/weeks

* ending on the Date for Commencement of the Works/
* beginning/ending on _____

_____ 20 _____

2-3

Date for Commencement of the Works

2-3

Date for Completion

2-9

Liquidated damages

at the rate of

£ _____ per _____ ^[15]

2-11

Rectification Period
(The period is 3 months unless a different period is stated.)

_____ months^[16] from the date of practical completion

4-3

Percentage of the total value of work etc.
(The percentage is 95 per cent unless a different rate is stated.)

_____ per cent^[16]

4-4

Percentage of the total amount to be paid to the Contractor
(The percentage is 97½ per cent unless a different rate is stated.)

_____ per cent^[16]

^[13] On factors to be taken into account by the Parties in considering whether disputes are to be determined by arbitration or by legal proceedings, see the Guidance Notes. See also footnote [10].

^[14] Under the CDM Regulations 2007 every client is expressly required to allocate sufficient time (the CDM Planning Period) prior to the commencement of construction to enable contractors and others to carry out necessary CDM planning and preparation. There may be cases where that planning and preparation needs to be completed earlier than the Date for Commencement of the Works.

^[15] Insert 'day', 'week' or other period.

^[16] An insertion is needed here only if the default position is not to apply. If no retention is required, insert '100' in the entries for clauses 4-3 and 4-4.

4-8-1	Supply of documentation for computation of amount to be finally certified <i>(The period is 3 months unless a different period is stated.)</i>	_____ months ^[16] from the date of practical completion
4-11 and Schedule 2	Contribution, levy and tax changes	Schedule 2 (<i>Fluctuations Option</i>) applies ^[17]
4-11 and Schedule 2 (paragraph 13)	Percentage addition for Fluctuations Option	_____ per cent
5-3-2	Contractor's insurance: injury to persons or property – insurance cover <i>(for any one occurrence or series of occurrences arising out of one event)</i>	£ _____
5-4A, 5-4B and 5-4C	Insurance of the Works etc. – alternative provisions ^[18]	* Clause 5-4A (<i>Works insurance by Contractor in Joint Names</i>) applies/ * Clause 5-4B (<i>Works and existing structures Insurance by Employer in Joint Names</i>) applies/ * Clause 5-4C (<i>Existing structures insurance by Employer in own name</i>) applies
5-4A-1 and 5-4B-1-2	Percentage to cover professional fees <i>(If no other percentage is stated, it shall be 15 per cent.)</i>	_____ per cent
7-2	Adjudication ^[19] Nominating body – where no Adjudicator is named or where the named Adjudicator is unwilling or unable to act (whenever that is established) ^[20] <i>(Where an Adjudicator is not named and a nominating body has not been selected, the nominating body shall be one of the bodies listed opposite selected by the Party requiring the reference to adjudication.)</i>	The Adjudicator is _____ * Royal Institute of British Architects * The Royal Institution of Chartered Surveyors * constructionadjudicators.com ^[21] * Association of Independent Construction Adjudicators ^[22] * Chartered Institute of Arbitrators

^[16] An insertion is needed here only if the default position is not to apply. If no retention is required, insert '100' in the entries for clauses 4-3 and 4-4.

^[17] Delete if the contract period is of such limited duration as to make the provision inappropriate.

^[18] Delete as appropriate.

Depending on the nature of the project and insurance available, the Parties may use:

- i) clause 5-4A on its own (where the Works are not an extension to or an alteration of an existing structure);
- ii) clause 5-4B on its own (where the Works are an extension to or an alteration of an existing structure and the Employer can obtain the insurance in Joint Names in compliance with clause 5-4B); or
- iii) clause 5-4C together with clause 5-4A (where the Works are an extension to or an alteration of an existing structure and where the Employer is a residential occupier and cannot obtain the insurance in Joint Names in compliance with clause 5-4B). See the Guidance Notes.

^[19] The Parties should either name the Adjudicator and select the nominating body or, alternatively, select only the nominating body. The Adjudication Agreement (Adj) and the Adjudication Agreement (Named Adjudicator) (Adj/N) have been prepared by JCT for use when appointing an Adjudicator.

^[21] constructionadjudicators.com is a trading name of Contractors Legal Grp Ltd.

^[20] Delete all but one of the nominating bodies asterisked.

^[22] Association of Independent Construction Adjudicators acts as an agent of and is controlled by the National Specialist Contractors' Council for the purpose of the nomination of adjudicators.

Schedule 1
(paragraph 2·1)

Arbitration^[23] – appointor of Arbitrator (and of any
replacement)^[24]
*(If no appointor is selected, the appointor shall
be the President or a Vice-President of the Royal
Institute of British Architects.)*

President or a Vice-President:
* Royal Institute of British Architects
* The Royal Institution of Chartered Surveyors
* Chartered Institute of Arbitrators

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^[23] This only applies where the Contract Particulars state (against the reference to Article 7) that Article 7 and Schedule 1 (*Arbitration*) apply.

^[24] Delete all but one of the bodies asterisked.

Attestation

Note on Execution

This Agreement should be executed by both the Employer and the Contractor either under hand or as a deed. As to the main factor relevant to that choice, see the Guidance Notes.

Execution under hand

If this Agreement is to be executed under hand, use the form set out on the following page. Each Party or his authorised representative should sign where indicated in the presence of a witness who should then sign and set out his name and address.

Execution as a Deed

If this Agreement is to be executed as a deed, each Party should use the relevant form marked 'Execution as a Deed' in accordance with the notes provided.

Other forms of Attestation

In cases where the forms of attestation set out are not appropriate, e.g. in the case of certain housing associations and partnerships or if a Party wishes an attorney to execute this Agreement on his behalf, the appropriate form(s) may be inserted in the vacant space opposite and/or below.

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As witness

the hands of the Parties
or their duly authorised representatives

Signed by or on behalf of the
Employer

in the presence of:

_____ *witness' signature*

_____ *witness' name*

_____ *witness' address*

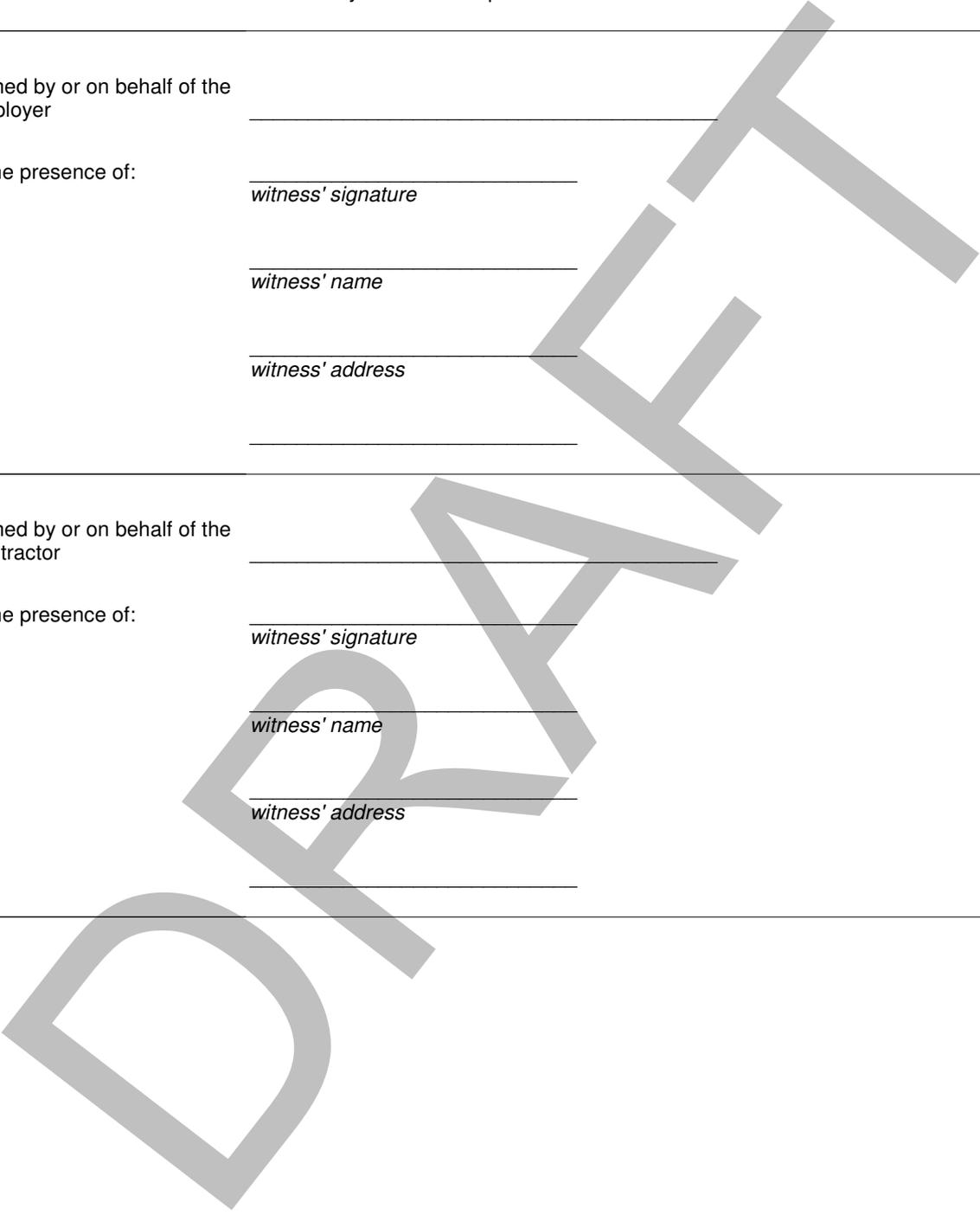
Signed by or on behalf of the
Contractor

in the presence of:

_____ *witness' signature*

_____ *witness' name*

_____ *witness' address*



Notes on Execution as a Deed

- 1 For the purposes of execution as a deed, two forms are provided for execution, one for the Employer and the other for the Contractor. Each form provides four methods of execution, **(A)** to **(D)**, for use as appropriate. The full name of the Employer or Contractor (whether an individual, a company or other body) should be inserted where indicated at the commencement of the relevant form. This applies irrespective of the method used.
- 2 For public and private companies incorporated and registered under the Companies Acts, the three principal methods of execution as a deed are:
 - (A) through signature by a Director and the Company Secretary or by two Directors;
 - (B) by affixing the company's common seal in the presence of a Director and the *Company Secretary* or of two Directors or other duly authorised officers; or
 - (C) signature by a single Director in the presence of a witness who attests the signature.Methods **(A)** and **(C)** are available to public and private companies whether or not they have a common seal. (Method **(C)** was introduced by section 44(2)(b) of the Companies Act 2006.) Methods **(A)** and **(C)** are not available under companies legislation to local authorities or to certain other bodies corporate, e.g. bodies incorporated by letters patent or private Act of Parliament that are not registered under companies legislation and such bodies may only use method **(B)**.
- 3 Where method **(A)** is being used, delete the inappropriate words and insert in the spaces indicated the names of the two Directors, or of the Director and the Company Secretary, who are to sign.
- 4 If method **(B)** (affixing the common seal) is adopted in cases where either or both the authorised officers attesting its affixation are not themselves a Director or the *Company Secretary*, their respective office(s) should be substituted for the reference(s) to Director and/or to *Company Secretary/Director*. (In the case of execution by bodies that are not companies, the reference to "*Company*" under the second signature should be deleted where appropriate.)
- 5 Method **(C)** (execution by a single Director) has been introduced primarily, but not exclusively, for 'single officer' companies. The Director should sign where indicated in the presence of a witness who should then sign and set out his name and address.
- 6 Where the Employer or Contractor is an individual, he should use method **(D)** and sign where indicated in the presence of a witness who should then sign and set out his name and address.

Executed as a Deed by the Employer

namely ¹ _____

(A) acting by a Director and the Company Secretary/two Directors of the company ^{2,3}

and

(Print name of signatory)

(Print name of signatory)

Signature Director

Signature Company Secretary/Director

(B) by affixing hereto the common seal of the company/other body corporate ^{2,4}

in the presence of

Signature Director

Signature Company Secretary/Director



[Common seal of company]

(C) by attested signature of a single Director of the company ^{2,5}

Signature Director

in the presence of

Witness' signature (Print name)

Witness' address

(D) by attested signature of the individual ⁶

Signature

in the presence of

Witness' signature (Print name)

Witness' address

Note: The numbers on this page refer to the numbered paragraphs in the Notes on Execution as a Deed.

Executed as a Deed by the Contractor

namely ¹ _____

(A) acting by a Director and the Company Secretary/two Directors **of the company** ^{2,3}

and

(Print name of signatory)

(Print name of signatory)

Signature *Director*

Signature *Company Secretary/Director*

(B) by affixing hereto the common seal **of the company/other body corporate** ^{2,4}

in the presence of

Signature *Director*

Signature *Company Secretary/Director*



[Common seal of company]

(C) by attested signature of a single Director **of the company** ^{2,5}

Signature *Director*

in the presence of

Witness' signature _____ *(Print name)* _____

Witness' address _____

(D) by attested signature **of the individual** ⁶

Signature

in the presence of

Witness' signature _____ *(Print name)* _____

Witness' address _____

Note: The numbers on this page refer to the numbered paragraphs in the Notes on Execution as a Deed.

Conditions

Section 1 Definitions and Interpretation

Definitions

- 1-1 Unless the context otherwise requires or the Agreement or these Conditions specifically provide otherwise, the following words and phrases, where they appear in capitalised form in the Agreement or these Conditions, shall have the meanings stated or referred to below:

Word or phrase

Meaning

Agreement:

the Articles of Agreement to which these Conditions are annexed, consisting of the Recitals, the Articles and the Contract Particulars.

All Risks Insurance^[25]:

Insurance which provides cover against any physical loss or damage to work executed and Site Materials and against the reasonable cost of the removal and disposal of debris and of any shoring and propping of the Works which results from such physical loss or damage but excluding the cost necessary to repair, replace or rectify:

(a) property which is defective due to:

- (i) wear and tear,
- (ii) obsolescence, or
- (iii) deterioration, rust or mildew;

(a) any work executed or any Site Materials lost or damaged as a result of its own defect in design, plan, specification, material or workmanship or any other work executed which is lost or damaged in consequence thereof where such work was defective^[26];

(b) loss or damage caused by or arising from:

- (i) any consequence of war, invasion, act of foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power, confiscation, commandeering, nationalisation or requisition or loss or destruction of or damage to any property by or under the order of any government de jure or de facto or public, municipal or local authority,
- (ii) disappearance or shortage is such disappearance or shortage is only revealed when an inventory is made or is not traceable to an identifiable event, or
- (iii) an Excepted Risk.

Article:

an article in the **Agreement**.

^[25] The definition of All Risks Insurance defines the risks for which insurance is required. Policies issued by insurers are not standardised and the way in which insurance for those risks is expressed varies.

^[26] In any policy for All Risks Insurance taken out under clause 5-4A or 5-4B-1-2, cover should not be reduced by the terms of any exclusion written in the policy beyond the terms of paragraph (b) in this definition of All Risks Insurance; thus an exclusion in terms 'This Policy excludes all loss of or damage to the property insured due to defective design, plan, specification, materials or workmanship' would not be in accordance with the terms of those insurance clauses or of that definition. Wider All Risks cover than that specified may be available to Contractors, though it is not standard.

Business Day:	any day which is not a Saturday, a Sunday or a Public Holiday.
CDM Co-ordinator:	the Architect/Contract Administrator or other person named in Article 4 or any successor appointed by the Employer.
CDM Planning Period:	the minimum amount of time referred to in regulation 10(2)(c) of the CDM Regulations, as specified in the Contract Particulars (against the reference to clause 1.1).
CDM Regulations:	the Construction (Design and Management) Regulations 2007.
CDP Works:	that part of the Works comprised in the Contractor's Designed Portion.
Conditions:	the clauses set out in sections 1 to 7, together with and including the Schedules hereto.
Construction Industry Scheme (or 'CIS'):	see the Fifth Recital .
Construction Phase Plan:	the plan prepared by the Principal Contractor, where the project is notifiable under the CDM Regulations and in order to comply with regulation 23, including any updates and revisions.
Contract Particulars:	the particulars in the Agreement and there described as such, including the entries made by the Parties.
Contractor's Designed Portion:	see the Second Recital .
Employer's Requirements:	see the Third Recital .
Excepted Risks:	ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel, radioactive toxic explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof, pressure waves caused by aircraft or other aerial devices travelling at sonic or supersonic speeds.
Fluctuations Option:	the provisions set out in Schedule 2 .
Insolvent:	see clause 6.1 .
Interest Rate:	a rate 5% per annum above the official dealing rate of the Bank of England current at the date that a payment due under this Contract becomes overdue.
Joint Names Policy:	a policy of insurance which includes the Employer and the Contractor as composite insured and under which the insurers have no right of recourse against any person named as an insured, or recognised as an insured thereunder.
Parties:	the Employer and the Contractor together.
Party:	either the Employer or the Contractor.
Provisional Sum:	includes a sum provided for work that the Employer may or may not decide to have carried out, or which cannot be accurately specified in the Contract Documents.
Public Holiday:	Christmas Day, Good Friday or a day which under the Banking and Financial Dealings Act 1971 is a bank holiday. ^[27]
Recitals:	the recitals in the Agreement .

^[27] Amend as necessary if different Public Holidays are applicable.

Rectification Period:	the period stated as such period in the Contract Particulars (against the reference to clause 2-11).
Scheme:	Part 1 of the Schedule to The Scheme for Construction Contracts (England and Wales) Regulations 1998.
Site Materials:	all unfixd materials and goods delivered to and placed on or adjacent to the Works which are intended for incorporation therein.
Specified Perils:	fire, lightning, explosion, storm, flood, escape of water from any water tank, apparatus or pipe, earthquake, aircraft and other aerial devices or articles dropped therefrom, riot and civil commotion, but excluding Excepted Risks.
Statutory Requirements:	any statute, statutory instrument, regulation, rule or order made under any statute or directive having the force of law which affects the Works or performance of any obligations under this Contract and any regulation or bye-law of any local authority or statutory undertaker which has any jurisdiction with regard to the Works or with whose systems the Works are, or are to be, connected.
VAT:	Value Added Tax.

Agreement etc. to be read as a whole

- 1-2** The Agreement and these Conditions are to be read as a whole but nothing contained in the Contract Drawings, the Contract Specification, the Work Schedules or the Employer's Requirements, nor anything in any Framework Agreement, shall override or modify the Agreement or these Conditions.

Headings, references to persons, legislation etc.

- 1-3** In the Agreement and these Conditions, unless the context otherwise requires:
- 1 the headings are included for convenience only and shall not affect the interpretation of this Contract;
 - 2 the singular includes the plural and vice versa;
 - 3 a gender includes any other gender;
 - 4 a reference to a 'person' includes any individual, firm, partnership, company and any other body corporate; and
 - 5 a reference to a statute, statutory instrument or other subordinate legislation ('legislation') is to such legislation as amended and in force from time to time, including any legislation which re-enacts or consolidates it, with or without modification, and including corresponding legislation in any other relevant part of the United Kingdom.

Reckoning periods of days

- 1-4** Where under this Contract an act is required to be done within a specified period of days after or from a specified date, the period shall begin immediately after that date. Where the period would include a day which is a Public Holiday that day shall be excluded.

Contracts (Rights of Third Parties) Act 1999

- 1-5** Notwithstanding any other provision of this Contract, nothing in this Contract confers or is intended to confer any right to enforce any of its terms on any person who is not a party to it.

Notices and other communications

- 1-6**
- 1 Each notice, instruction or other communication referred to in the Agreement or these Conditions shall be in writing.
 - 2 Unless otherwise stated in these Conditions, any notice or other communication under this Contract may be given to or served on the recipient by any effective means at the address specified in the Agreement or such other address as he shall notify to the other Party. If no such address is then current, the notice or other communication shall be treated as

effectively given or served if addressed and sent by pre-paid post to the recipient's last known principal business address or (where a body corporate) its registered or principal office.

Applicable law

- 1-7 This Contract shall be governed by and construed in accordance with the law of England.^[28]

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^[28] Where the Parties do not wish the law applicable to this Contract to be the law of England appropriate amendments should be made.

Section 2 Carrying out the Works

Contractor's obligations

- 2-1 The Contractor shall carry out and complete the Works in a proper and workmanlike manner and in compliance with the Contract Documents, the Construction Phase Plan (where applicable) and other Statutory Requirements, and shall give all notices required by the Statutory Requirements. In relation to the Contractor's Designed Portion, the Contractor shall:
- 1 using reasonable skill, care and diligence, complete the design for the Contractor's Designed Portion, including, so far as not described or stated in the Employer's Requirements, the selection of any specifications for the kinds and standards of the materials, goods and workmanship to be used in the CDP Works;
 - 2 not be responsible for the contents of the Employer's Requirements or for verifying the adequacy of any design contained within them and, if an inadequacy is found in any design in the Employer's Requirements, then, subject to clause 2-6, the Employer's Requirements shall be altered or modified by instructions under clause 3-6-1;
 - 3 comply with the Architect/Contract Administrator's directions for the integration of the design of the Contractor's Designed Portion with the design of the Works as a whole, subject to the provisions of clause 3-4-2;
 - 4 in complying with this clause 2-1, comply with regulations 11, 12 and 18 of the CDM Regulations;
 - 5 without charge provide the Architect/Contract Administrator, as and when necessary, with two copies of such drawings or details, specifications of materials, goods and workmanship, and (if requested) related calculations and information, as are reasonably necessary to explain the Contractor's Designed Portion; and
 - 6 not commence any work to which the documents referred to in clause 2-1-5 relate before the expiration of 7 days from the date of their delivery.

Materials, goods and workmanship

- 2-2
- 1 Where and to the extent that approval of the quality of materials or of the standards of workmanship is a matter for the Architect/Contract Administrator's opinion, such quality and standards shall be to his reasonable satisfaction. To the extent that the quality of materials and goods or standards of workmanship are neither described in the Contract Documents nor stated to be a matter for such opinion or satisfaction, they shall in the case of the Contractor's Designed Portion be of a standard appropriate to it and shall in any other case be of a standard appropriate to the Works.
 - 2 The Contractor shall take all reasonable steps to encourage employees and agents of the Contractor and sub-contractors employed in the execution of the Works to be registered cardholders under the Construction Skills Certification Scheme (CSCS) or qualified under an equivalent recognised qualification scheme.

Commencement and completion

- 2-3 The Works may be commenced on and shall be completed by the respective dates stated in the Contract Particulars.

Architect/Contract Administrator's duties

- 2-4 The Architect/Contract Administrator shall issue any further information and instructions necessary for the proper carrying out of the Works, and shall issue all certificates required by these Conditions.

Correction of inconsistencies

- 2-5
- 1 Any inconsistency in or between the Contract Drawings, the Contract Specification, the Work Schedules and the Employer's Requirements shall be corrected and any such correction which results in an addition, omission or other change shall be treated as a variation under clause 3-6-1.
 - 2 Any inconsistency in or between documents prepared by the Contractor for the CDP Works shall be corrected by the Contractor at his own expense after the Architect/Contract Administrator has expressed his reasonable satisfaction as to the manner in which the

Contractor proposes to deal with the inconsistency.

Divergences from Statutory Requirements

- 2-6**
- 1 If the Contractor becomes aware of any divergence between the Statutory Requirements and the Contract Documents or between the Statutory Requirements and any instruction of the Architect/Contract Administrator, he shall immediately give to the Architect/Contract Administrator a notice specifying the divergence.
 - 2 Provided the Contractor is not in breach of clause 2-6-1, the Contractor shall not be liable under this Contract if the Works do not comply with the Statutory Requirements to the extent that such non-compliance results from the Contractor having carried out work in accordance with the Contract Documents or any instruction of the Architect/Contract Administrator.

Fees or charges legally demandable

- 2-7** The Contractor shall pay any fees or charges (including any rates or taxes) legally demandable under any of the Statutory Requirements. Such fees and charges shall not be reimbursable to the Contractor by the Employer, unless otherwise agreed.

Extension of time

- 2-8** If it becomes apparent that the Works will not be completed by the Date for Completion stated in the Contract Particulars (or any later date fixed in accordance with the provisions of this clause 2-8) the Contractor shall thereupon notify the Architect/Contract Administrator. Where that delay occurs for reasons beyond the control of the Contractor, including compliance with Architect/Contract Administrator's instructions that are not occasioned by a default of the Contractor, the Architect/Contract Administrator shall give such extension of time for completion as may be reasonable and notify the Parties accordingly. Reasons within the control of the Contractor include any default of the Contractor or of others employed or engaged by or under him for or in connection with the Works and default of any supplier of goods or materials for the Works.

Damages for non-completion

- 2-9**
- 1 If the Works are not completed by the Date for Completion stated in the Contract Particulars or by any later Date for Completion fixed under clause 2-8 the Contractor shall pay or allow to the Employer liquidated damages at the rate stated in the Contract Particulars between such Date for Completion and the date of practical completion.
 - 2 The Employer may either deduct the liquidated damages from any monies due to the Contractor under this Contract (provided that notice of that deduction has been given under clause 4-5-4, 4-8-3 or 4-8-4-3) or recover the liquidated damages from the Contractor as a debt.
 - 3 If the Employer intends to deduct any such damages from the sum stated as due in the final certificate, he shall additionally notify the Contractor of that intention not later than the date of issue of the final certificate.

Practical completion

- 2-10** The Architect/Contract Administrator shall certify the date when in his opinion the Works have reached practical completion and the Contractor has complied sufficiently with clause 3-9-4.

Defects

- 2-11** If any defects, shrinkages or other faults in the Works appear within the Rectification Period due to materials, goods or workmanship not in accordance with this Contract or any failure of the Contractor to comply with his obligations in respect of the CDP Works, the Architect/Contract Administrator shall not later than 14 days after the expiry of the Rectification Period notify the Contractor who shall make good such defects, shrinkages or other faults entirely at his own cost unless the Architect/Contract Administrator with the consent of the Employer shall otherwise instruct.

Certificate of making good

- 2-12** When in his opinion the Contractor's obligations under clause 2-11 have been discharged, the Architect/Contract Administrator shall forthwith issue a certificate specifying the date they were discharged.

Section 3 Control of the Works

Assignment

- 3-1 Neither the Employer nor the Contractor shall, without the consent of the other, assign this Contract or any rights thereunder.

Person-in-charge

- 3-2 The Contractor shall ensure that at all reasonable times he has on the site a competent person in charge and any instructions given to that person by the Architect/Contract Administrator shall be deemed to have been issued to the Contractor.

Sub-contracting

- 3-3
- 1 The Contractor shall not without the Architect/Contract Administrator's consent sub-contract the whole or any part of the Works. Such consent shall not be unreasonably delayed or withheld but the Contractor shall remain wholly responsible for carrying out and completing the Works in all respects in accordance with clause 2-1 notwithstanding any such sub-contracting.
 - 2 Where considered appropriate, the Contractor shall engage the Sub-Contractor using the JCT Minor Works Sub-Contract with sub-contractor's design or Short Form of Sub-Contract.^[29] It shall be a condition of any sub-contract that:
 - 1 The sub-contractor's employment under the sub-contract shall terminate immediately upon the termination (for any reason) of the Contractor's employment under this Contract;
 - 2 each party undertakes to the other in relation to the Works and the site duly to comply with the CDM Regulations^[30];
 - 3 if by the final date for payment stated in the sub-contract the Contractor fails to pay a sum, or any part of it, due to the sub-contractor, the Contractor shall, in addition to any unpaid amount that should properly have been paid, pay simple interest on that amount at the Interest Rate for the period from the final date for payment until such payment is made; such payment of interest to be on and subject to terms equivalent to those of clauses 4-6 and 4-9 of these Conditions.

Architect/Contract Administrator's instructions

- 3-4
- 1 The Architect/Contract Administrator may issue instructions and the Contractor shall forthwith comply with any so given or confirmed. If instructions are given orally the Architect/Contract Administrator shall, within 2 days, confirm them in writing.
 - 2 The Architect/Contract Administrator shall not issue any instruction affecting the design of the CDP Works without the Contractor's consent, such consent not to be unreasonably delayed or withheld.

Non-compliance with instructions

- 3-5 If the Contractor unreasonably delays or withholds his consent to an instruction referred to in clause 3-4-2 or fails to comply within 7 days after receipt of a notice from the Architect/Contract Administrator requiring compliance with any other instruction, the Employer may employ and pay other persons to execute any work whatsoever which may be necessary to give effect to that instruction. The Contractor shall be liable for all additional costs incurred by the Employer in connection with such employment and an appropriate deduction shall be made from the Contract Sum.

Variations

^[29] The Short Form of Sub-Contract is not appropriate where the sub-contract is to include sub-contractor's design.

^[30] As to the duties imposed by the CDM Regulations 2007, see the Guidance Notes.

- 3-6**
- 1 The Architect/Contract Administrator may, without invalidating this Contract, issue instructions requiring an addition to, omission from, or other change in the Works or the order or period in which they are to be carried out, including instructions effecting changes in the Employer's Requirements that necessitate an alteration or modification of the design of the CDP Works.
 - 2 The Architect/Contract Administrator and the Contractor shall endeavour to agree a price prior to the Contractor carrying out the instruction.
 - 3 Failing any agreement under clause 3-6-2 any instructions issued under clause 3-6-1 shall be valued by the Architect/Contract Administrator on a fair and reasonable basis using any relevant prices in the priced Contract Specification/Work Schedules/Schedule of Rates, and the valuation shall include any direct loss and/or expense incurred by the Contractor due to the regular progress of the Works being affected by compliance with the instruction.

Provisional Sums

- 3-7** The Architect/Contract Administrator shall issue instructions in regard to the expenditure of any Provisional Sums included in the Contract Documents and such instructions shall be agreed or valued in accordance with clause 3-6-2 or 3-6-3.

Exclusion from the Works

- 3-8** The Architect/Contract Administrator may (but shall not unreasonably or vexatiously) issue instructions requiring the exclusion from the site of any person employed thereon.

CDM Regulations – Undertakings to comply^[30]

- 3-9** Each Party acknowledges that he is aware of and undertakes to the other that in relation to the Works and site he will duly comply with the CDM Regulations. Without limitation, where the project that comprises or includes the Works is notifiable:
- 1 the Employer shall ensure that the CDM Co-ordinator carries out all his duties and, where the Contractor is not the Principal Contractor, shall ensure that the Principal Contractor carries out all his duties under those regulations;
 - 2 where the Contractor is and while he remains the Principal Contractor, he shall ensure that:
 - 1 the Construction Phase Plan is prepared and received by the Employer before construction work under this Contract is commenced, and that any subsequent amendment to it by the Contractor is notified to the Employer, the CDM Co-ordinator and (where not the CDM Co-ordinator) the Architect/Contract Administrator; and
 - 2 welfare facilities complying with Schedule 2 of the CDM Regulations are provided from the commencement of construction work until the end of the construction phase^[31];
 - 3 where the Contractor is not the Principal Contractor, he shall promptly notify the Principal Contractor of the identity of each sub-contractor that he appoints and each sub-contractor appointment notified to him;
 - 4 the Contractor shall promptly upon the written request of the CDM Co-ordinator provide, and shall ensure that any sub-contractor, through the Contractor, provides, to the CDM Co-ordinator (or, if the Contractor is not the Principal Contractor, to the Principal Contractor) such information as the CDM Co-ordinator reasonably requires for the preparation of the health and safety file.

Appointment of successors

- 3-10** If the Employer by a further appointment replaces the CDM Co-ordinator or the Principal Contractor, the Employer shall immediately upon the further appointment notify the Contractor of the name and address of the new appointee. If the Employer appoints a successor to the Contractor as the Principal Contractor, the Contractor shall at no cost to the Employer comply with

^[30] As to the duties imposed by the CDM Regulations 2007, see the Guidance Notes.

^[31] There is a duty on contractors to ensure compliance with Schedule 2 of the CDM Regulations so far as is reasonably practicable, whether or not the project is notifiable and whether or not the contractor is the Principal Contractor.

all reasonable requirements of the new Principal Contractor to the extent necessary for compliance with the CDM Regulations; no extension of time shall be given in respect of such compliance.

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Section 4 Payment

VAT

- 4.1 The Contract Sum is exclusive of VAT and in relation to any payment to the Contractor under this Contract, the Employer shall in addition pay the amount of any VAT properly chargeable in respect of it.

Construction Industry Scheme (CIS)

- 4.2 If the Employer is or at any time up to the payment of the final certificate becomes a 'contractor' for the purposes of the CIS^[32], his obligation to make any payments under this Contract is subject to the provisions of the CIS.

Interim payments up to practical completion

- 4.3 The due dates for interim payments to the Contractor shall be the dates occurring at intervals of 4 weeks calculated from the Date for Commencement of the Works. Not later than 5 days after each due date the Architect/Contract Administrator shall issue an interim certificate for a sum equal to the percentage stated in the Contract Particulars of what he considers to be the total value as at the due date of:

- 1 work properly executed, including any amounts ascertained or agreed under clauses 3·6 and 3·7; and
- 2 materials and goods which have reasonably and properly been brought on to the site for the purpose of the Works and are adequately protected against weather and other casualties

less the total of sums stated as due to the Contractor in previous interim certificates and any sums paid in respect of any payment notice given after the issue of the latest interim certificate. The certificate shall state the sum due from the Employer and the basis on which that sum has been calculated. The final date for payment of the certified sum shall be 14 days from the due date.

Interim payments on and after practical completion

- 4.4 The due date for the interim payment following practical completion of the Works shall be 7 days after the date of practical completion and the Architect/Contract Administrator shall not later than 5 days thereafter certify payment to the Contractor of the percentage stated in the Contract Particulars of the total sum to be paid to the Contractor under this Contract so far as then ascertainable (including any amounts ascertained or agreed under clauses 3·6 and 3·7) less the total of sums stated as due to the Contractor in previous interim certificates and (where relevant) any sums paid in respect of any such payment notice as is referred to in clause 4·3. Interim certificates shall thereafter be issued at intervals of 2 months (unless otherwise agreed) up to the expiry of the Rectification Period, each stating the sum due to the Contractor and the basis on which that sum has been calculated. The final date for payment shall be 14 days from the due date.

Payment – amount and notices

- 4.5
- 1 Subject to any notice given by the Employer under clause 4·5·4, the sum to be paid by the Employer on or before the final date for payment under clause 4·3 or 4·4 shall be the sum stated as due in the interim certificate.
 - 2 If an interim certificate is not issued in accordance with clause 4·3 or 4·4, the Contractor may at any time after the 5 day period referred to in those clauses give a payment notice to the Architect/Contract Administrator stating the sum that the Contractor considers to be or have been due to him at the due date and the basis on which that sum has been calculated. In that event, the sum to be paid by the Employer shall, subject to any notice subsequently given by him under clause 4·5·4, be the sum stated as due in the Contractor's payment notice.

^[32] See the Contract Particulars (Fifth Recital and clause 4·2).

- .3 Where the Contractor gives a payment notice under clause 4.5.2, the final date for payment of the sum specified in it shall for all purposes be regarded as postponed by the same number of days as the number of days after expiry of the 5 day period referred to in clause 4.5.2 that the Contractor's payment notice is given.
- .4 If the Employer intends to pay less than the sum stated as due from him in the interim certificate or, where applicable, the Contractor's payment notice, he shall not later than 5 days before the final date for payment give the Contractor notice of that intention stating the sum that he considers to be due to the Contractor at the date he gives notice under this clause 4.5 and the basis on which that sum has been calculated. Where the Employer gives that notice, the payment to be made on or before the final date for payment shall not be less than the amount stated as due in his notice.
- .5 A notice to be given by the Employer under clause 4.5.4, 4.8.3 or 4.8.4.3 may be given on his behalf by the Architect/Contract Administrator or by any other person who the Employer notifies the Contractor as being authorised to do so.
- .6 In relation to the requirements for the issue of certificates and the giving of notices under section 4, it is immaterial that the amount then considered to be due may be zero.

Failure to pay amount due

- 4.6** If the Employer fails to pay a sum, or any part of it, due to the Contractor under clause 4.3 or 4.4 by the final date for its payment, the Employer shall, in addition to any unpaid amount that should properly have been paid, pay the Contractor simple interest on that amount at the Interest Rate for the period from the final date for payment until payment is made. Interest under this clause 4.6 shall be a debt due to the Contractor from the Employer. Acceptance of a payment of interest under this clause 4.6 shall not in any circumstances be construed as a waiver of the Contractor's right to proper payment of the principal amount due, to suspend performance under clause 4.7 or to terminate his employment under section 6.

Contractor's right of suspension

- 4.7**
- .1 Without affecting the Contractor's other rights and remedies, if the Employer fails to pay the Contractor the sum payable in accordance with clause 4.5 (together with any VAT properly chargeable in respect of such payment) by the final date for payment and the failure continues for 7 days after the Contractor has given notice to the Employer, with a copy to the Architect/Contract Administrator, of his intention to suspend performance of his obligations under this Contract and the ground or grounds on which it is intended to suspend performance, the Contractor may suspend performance of any or all of those obligations until payment is made in full.
 - .2 Where the Contractor exercises his right of suspension under clause 4.7.1, he shall be entitled to a reasonable amount in respect of costs and expenses reasonably incurred by him as a result of the exercise of the right.
 - .3 Applications in respect of any such costs and expenses shall be made to the Architect/Contract Administrator and the Contractor shall with his application or on request submit such details of the costs and expenses as are reasonably necessary to enable his entitlement to be ascertained. When ascertained or agreed, the amount shall be included in the next interim certificate.

Final certificate and final payment

- 4.8**
- .1 Within the period stated in the Contract Particulars the Contractor shall supply to the Architect/Contract Administrator all documentation reasonably required for computation of the final payment and the due date for the final payment shall be 28 days after either the date of receipt of the documentation or, if later, the date specified in the certificate under clause 2.12. Not later than 5 days after the due date the Architect/Contract Administrator shall issue a final certificate certifying the sum that he considers due to the Contractor or to the Employer, as the case may be. The final certificate shall state the basis on which that sum has been calculated.
 - .2 The final date for payment of the final payment (if any) shall be 14 days from its due date.
 - .3 If the Party by whom the final payment is stated to be payable ('the payer') intends to pay less than the certified sum, he shall not later than 5 days before the final date for payment give the other Party notice of that intention, stating the sum (if any) that he considers to be due to the other Party at the date of the notice and the basis on which that sum has been calculated. Where such notice is given the final payment to be made on or before the final date for payment shall not be less than the amount stated as due in the notice.
 - .4 If the final certificate is not issued in accordance with clause 4.8.1:

- 1 the Contractor may give a payment notice to the Employer with a copy to the Architect/Contract Administrator stating what the Contractor considers to be the amount of the final payment due to him under this Contract and the basis on which the sum has been calculated and, subject to any notice given under clause 4·8·4·3, the final payment shall be that amount;
- 2 if the Contractor gives a payment notice under clause 4·8·4·1, the final date for payment of the sum specified in it shall for all purposes be regarded as postponed by the same number of days as the number of days after expiry of the 5 day period referred to in clause 4·8·1 that the Contractor's payment notice is given;
- 3 if the Employer intends to pay less than the sum specified in the Contractor's payment notice, he shall not later than 5 days before the final date for payment give the Contractor notice of that intention in accordance with clause 4·8·3 and the payment to be made on or before the final date for payment shall not be less than the amount stated as due in the Employer's notice.
- 5 Where the payer does not give a notice under clause 4·8·3 or 4·8·4·3 he shall pay the other Party the sum stated as due to the other Party in the final certificate or in the Contractor's notice under clause 4·8·4·1, as the case may be.

Failure to pay final amount

- 4·9** If the payer fails to pay the final payment, or any part of it, under clause 4·8 by the final date for its payment, he shall, in addition to any unpaid amount that should properly have been paid, pay the other Party simple interest on that amount at the Interest Rate for the period from the final date for payment until payment is made. Acceptance of a payment of interest under this clause 4·9 shall not in any circumstances be construed as a waiver of any right to proper payment of the principal amount due.

Fixed price

- 4·10** Subject to clauses 3·6, 3·7 and 4·7 and to clause 4·11, if it applies, no account shall be taken in any payment to the Contractor under this Contract of any change in the cost to the Contractor of the labour, materials, plant and other resources employed in carrying out the Works.

Contribution, levy and tax changes

- 4·11** If the Contract Particulars state that Schedule 2 (*Fluctuations Option*) applies, contribution, levy and tax changes shall be dealt with by the application of that Schedule. The percentage addition under paragraph 13 of the Schedule is that stated in the Contract Particulars.

Section 5 Injury, Damage and Insurance

Liability of Contractor – personal injury or death

- 5-1 The Contractor shall be liable for, and shall indemnify the Employer against, any expense, liability, loss, claim or proceedings whatsoever in respect of personal injury to or death of any person arising out of or in the course of or caused by the carrying out of the Works, except to the extent that the same is due to any act or neglect of the Employer or of any person for whom the Employer is responsible.

Liability of Contractor – injury or damage to property

- 5-2 The Contractor shall be liable for, and shall indemnify the Employer against, any expense, liability, loss, claim or proceedings in respect of any loss, injury or damage whatsoever to any property real or personal (other than loss, injury or damage to the Works and/or Site Materials or, where clause 5-4B applies, to any property required to be insured thereunder caused by a Specified Peril) in so far as such loss, injury or damage arises out of or in the course of or by reason of the carrying out of the Works and to the extent that the same is due to any negligence, breach of statutory duty, omission or default of the Contractor or any person employed or engaged by the Contractor on or in connection with the Works or any part of them.

Contractor's insurance of his liability

- 5-3 Without prejudice to his obligation to indemnify the Employer under clauses 5-1 and 5-2, the Contractor shall take out and maintain (and shall cause any sub-contractor similarly to take out and maintain) insurance in respect of claims arising out of his liability referred to in clauses 5-1 and 5-2 which:
- 1 in respect of claims for personal injury to or the death of any employee of the Contractor arising out of and in the course of such person's employment, shall comply with all relevant legislation; and
 - 2 for all other claims to which clause 5-3 applies^[33], shall indemnify the Employer in like manner to the Contractor, but only to the extent that the Contractor may be liable to indemnify the Employer under the terms of this Contract and shall be in a sum not less than that stated in the Contract Particulars for any one occurrence or series of occurrences arising out of one event.

Insurance of the Works by Contractor in Joint Names

- 5-4A
- 1 If the Contract Particulars state that clause 5-4A applies^[34], the Contractor shall take out and maintain with insurers approved by the Employer a Joint Names Policy for All Risks Insurance for the full reinstatement value of the Works (plus the percentage, if any, stated in the Contract Particulars to cover professional fees) and shall maintain such Joint Names Policy up to and including the date of issue of the practical completion certificate or, if earlier, the date of termination of the Contractor's employment (whether or not the validity of that termination is contested).
 - 2
 - 1 After any inspection required by the insurers in respect of a claim under the insurance has been completed, the Contractor shall with due diligence restore the damaged work, replace or repair any lost or damaged Site Materials, remove and dispose of any debris and proceed with the carrying out and completion of the Works.
 - 2 The Contractor shall authorise the insurers to pay all monies from such insurance to the Employer and the Employer may retain from monies paid by the insurers the amount properly incurred by the Employer in respect of professional fees up to an amount which shall not exceed the amount of the percentage additional cover for those fees or (if less) the amount paid by insurers in respect of those fees.

^[33] It should be noted that the cover granted under public liability policies taken out pursuant to clause 5-3 may not be co-extensive with the indemnity given to the Employer in clauses 5-1 and 5-2: for example, each claim may be subject to the excess in the policy and cover may not be available in respect of loss or damage due to gradual pollution.

^[34] Where the Contractor has in force an All Risks Policy which insures the Works, this Policy may be used to provide the insurance required by clause 5-4A provided the Policy recognises the Employer as a joint insured with the Contractor in respect of the Works and the Policy is maintained. As to full reinstatement value see the Guidance Notes.

- 3 In respect of restoration, replacement or repair of such loss or damage and (when required) the removal and disposal of debris, the Contractor shall not be entitled to any payment other than amounts received under the insurance referred to in clause 5·4A·1 (less only the amount stated in clause 5·4A·2·2) and such amounts shall be paid to the Contractor under certificates of the Architect/Contract Administrator at the intervals stated in clause 4·3.

Insurance of existing structures and the Works by Employer in Joint Names

- 5·4B** ·1 If the Contract Particulars state that clause 5·4B applies, the Employer shall take out and maintain:
- 1 a Joint Names Policy in respect of the existing structures together with the contents of them owned by him or for which he is responsible, for the full cost of reinstatement, repair or replacement of loss or damage due to any of the Specified Perils;
 - 2 a Joint Names Policy for All Risks Insurance for the full reinstatement value of the Works (plus the percentage, if any, stated in the Contract Particulars to cover professional fees)
- and shall maintain such Joint Names Policies up to and including the date of issue of the practical completion certificate or, if earlier, the date of termination of the Contractor's employment (whether or not the validity of that termination is contested). The Contractor shall authorise the insurers to pay all monies from such insurance to the Employer.
- 2 If any loss or damage as referred to in clause 5·4B·1·2 occurs to the Works or to any Site Materials then the Architect/Contract Administrator shall issue instructions under clause 3·4, as are reasonable, for the reinstatement and making good of such loss or damage and such instructions shall be valued under clause 3·6.

Insurance of existing structures by Employer in own name

- 5·4C** If the Contract Particulars state that clause 5·4C applies, the Employer shall, if he has not already done so, take out and maintain in his own name a policy in respect of the existing structures together with the contents thereof owned by him or for which he is responsible, for the full cost of reinstatement, repair or replacement of loss or damage due to any of the Specified Perils up to and including the date of issue of the practical completion certificate or (if earlier) the date of termination of the Contractor's employment (whether or not the validity of that termination is contested).

Evidence of insurance

- 5·5** The Contractor shall produce, and shall cause any sub-contractor to produce, such evidence as the Employer may reasonably require that the insurances referred to in clause 5·3 and, where applicable, clause 5·4A have been taken out and are in force at all material times. Where clause 5·4B or 5·4C is applicable and except where the Employer is a Local Authority, the Employer shall, as and when reasonably required by the Contractor, produce documentary evidence showing that the insurance referred to therein has been taken out and is being maintained.

Section 6 Termination

Meaning of insolvency

6-1 For the purposes of these Conditions:

- 1 a Party which is a company becomes Insolvent:
 - 1 when it enters administration within the meaning of Schedule B1 to the Insolvency Act 1986;
 - 2 on the appointment of an administrative receiver or a receiver or manager of its property under Chapter I of Part III of that Act, or the appointment of a receiver under Chapter II of that Part;
 - 3 on the passing of a resolution for voluntary winding-up without a declaration of solvency under section 89 of that Act; or
 - 4 on the making of a winding-up order under Part IV or V of that Act.
- 2 a Party which is a partnership becomes Insolvent:
 - 1 on the making of a winding-up order against it under any provision of the Insolvency Act 1986 as applied by an order under section 420 of that Act; or
 - 2 when sequestration is awarded on the estate of the partnership under section 12 of the Bankruptcy (Scotland) Act 1985 or the partnership grants a trust deed for its creditors.
- 3 a Party who is an individual becomes Insolvent:
 - 1 on the making of a bankruptcy order against him under Part IX of the Insolvency Act 1986; or
 - 2 on the sequestration of his estate under the Bankruptcy (Scotland) Act 1985 or when he grants a trust deed for his creditors.
- 4 a Party also becomes Insolvent if:
 - 1 he enters into an arrangement, compromise or composition in satisfaction of his debts (excluding a scheme of arrangement as a solvent company for the purposes of amalgamation or reconstruction); or
 - 2 (in the case of a Party which is a partnership) each partner is the subject of an individual arrangement or any other event or proceedings referred to in this clause 6-1.

Each of clauses 6-1-1 to 6-1-4 also includes any analogous arrangement, event or proceedings in any other jurisdiction.

Notices under section 6

- #### 6-2
- 1 Notice of termination of the Contractor's employment shall not be given unreasonably or vexatiously.
 - 2 Such termination shall take effect on receipt of the relevant notice.
 - 3 Each notice referred to in this section shall be delivered by hand or sent by Recorded Signed for or Special Delivery post. Where sent by post in that manner, it shall, subject to proof to the contrary, be deemed to have been received on the second Business Day after the date of posting.

Other rights, reinstatement

- #### 6-3
- 1 The provisions of clauses 6-4 to 6-7 are without prejudice to any other rights and remedies of the Employer. The provisions of clauses 6-8 and 6-9 and (in the case of termination under either of those clauses) the provisions of clause 6-11, are without prejudice to any other rights and remedies of the Contractor.
 - 2 Irrespective of the grounds of termination, the Contractor's employment may at any time be reinstated if and on such terms as the Parties agree.

Default by Contractor

- 6.4** ·1 If, before practical completion of the Works, the Contractor:
- 1 without reasonable cause wholly or substantially suspends the carrying out of the Works or the design of the Contractor's Designed Portion; or
 - 2 fails to proceed regularly and diligently with the Works or the design of the Contractor's Designed Portion; or
 - 3 fails to comply with clause 3.9,
- the Architect/Contract Administrator may give to the Contractor a notice specifying the default or defaults (the 'specified default or defaults').
- 2 If the Contractor continues a specified default for 7 days from receipt of the notice under clause 6.4.1, the Employer may on, or within 10 days from, the expiry of that 7 day period by a further notice to the Contractor terminate the Contractor's employment under this Contract.

Insolvency of Contractor

- 6.5** ·1 If the Contractor is Insolvent, the Employer may at any time by notice to the Contractor terminate the Contractor's employment under this Contract.
- 2 As from the date the Contractor becomes Insolvent, whether or not the Employer has given such notice of termination:
- 1 clauses 6.7.2 to 6.7.4 shall apply as if such notice had been given;
 - 2 the Contractor's obligations under Article 1 and these Conditions to carry out and complete the Works shall be suspended; and
 - 3 the Employer may take reasonable measures to ensure that the site, the Works and Site Materials are adequately protected and that such Site Materials are retained on site; the Contractor shall allow and shall not hinder or delay the taking of those measures.

Corruption

- 6.6** The Employer shall be entitled by notice to the Contractor to terminate the Contractor's employment, under this or any other contract with the Employer if, in relation to this or any other such contract, the Contractor or any person employed by him or acting on his behalf shall have committed an offence under the Bribery Act 2010, or, where the Employer is a Local Authority, shall have given any fee or reward the receipt of which is an offence under sub-section (2) of section 117 of the Local Government Act 1972.

Consequences of termination under clauses 6.4 to 6.6

- 6.7** If the Contractor's employment is terminated under clause 6.4, 6.5 or 6.6:
- 1 the Employer may employ and pay other persons to carry out and complete the Works, and he and they may enter upon and take possession of the site and the Works and (subject to obtaining any necessary third party consents) may use all temporary buildings, plant, tools, equipment and Site Materials for those purposes;
 - 2 no further sum shall become due to the Contractor under this Contract other than any amount that may become due to him under clause 6.7.4 and the Employer need not pay any sum that has already become due either:
 - 1 insofar as the Employer has given or gives a notice under clause 4.5.4; or
 - 2 if the Contractor, after the last date upon which such notice could have been given by the Employer in respect of that sum, has become insolvent within the meaning of clauses 6.1.1 to 6.1.3;
 - 3 following the completion of the Works and the making good of defects in them (or of instructions otherwise, as referred to in clause 2.11), an account of the following shall within 3 months thereafter be set out in a certificate issued by the Architect/Contract Administrator or a statement prepared by the Employer:
 - 1 the amount of expenses properly incurred by the Employer, including those incurred pursuant to clause 6.7.1 and, where applicable, clause 6.5.2.3, and of any direct loss and/or damage caused to the Employer and for which the Contractor is liable, whether arising as a result of the termination or otherwise;
 - 2 the amount of payments made to the Contractor; and

- 3 the total amount which would have been payable for the Works in accordance with this Contract;
- 4 if the sum of the amounts stated under clauses 6·7·3·1 and 6·7·3·2 exceeds the amount stated under clause 6·7·3·3, the difference shall be a debt payable by the Contractor to the Employer or, if that sum is less, by the Employer to the Contractor.

Default by Employer

- 6-8** ·1 If the Employer:
- 1 does not pay by the final date for payment the amount due to the Contractor in accordance with clause 4·5 and/or any VAT properly chargeable on that amount; or
 - 2 interferes with or obstructs the issue of any certificate due under this Contract; or
 - 3 fails to comply with clause 3·9,
- the Contractor may give to the Employer a notice specifying the default or defaults (the 'specified default or defaults').
- 2 If before practical completion of the Works the carrying out of the whole or substantially the whole of the uncompleted Works is suspended for a continuous period of one month or more by reason of:
- 1 Architect/Contract Administrator's instructions under clause 2·5 or 3·6; and/or
 - 2 any impediment, prevention or default, whether by act or omission, by the Employer, the Architect/Contract Administrator or any person for whom the Employer is responsible
- (but in either case excluding such instructions as are referred to in clause 6·10·1·2), then, unless in either case that is caused by the negligence or default of the Contractor or his employees, agents or sub-contractors, the Contractor may give to the Employer a notice specifying the event or events (the 'specified suspension event or events').
- 3 If a specified default or a specified suspension event continues for 7 days from the receipt of notice under clause 6·8·1 or 6·8·2, the Contractor may on, or within 10 days from, the expiry of that 7 day period by a further notice to the Employer terminate the Contractor's employment under this Contract.

Insolvency of Employer

- 6-9** ·1 If the Employer is Insolvent, the Contractor may by notice to the Employer terminate the Contractor's employment under this Contract;
- 2 as from the date the Employer becomes Insolvent, the Contractor's obligations under Article 1 and these Conditions to carry out and complete the Works shall be suspended.

Termination by either Party

- 6-10** ·1 If, before practical completion of the Works, the carrying out of the whole or substantially the whole of the uncompleted Works is suspended for the relevant continuous period of one month or more by reason of one or more of the following events:
- 1 force majeure;
 - 2 Architect/Contract Administrator's instructions under clause 2·5 or 3·6 issued as a result of the negligence or default of any Statutory Undertaker;
 - 3 loss or damage to the Works occasioned by any of the Specified Perils;
 - 4 civil commotion or the use or threat of terrorism and/or the activities of the relevant authorities in dealing with such event or threat; or
 - 5 the exercise by the United Kingdom Government of any statutory power which directly affects the execution of the Works,
- then either Party, subject to clause 6·10·2, may upon the expiry of that relevant period of suspension give notice to the other that, unless the suspension ceases within 7 days after the date of receipt of that notice, he may terminate the Contractor's employment under this Contract. Failing such cessation within that 7 day period, he may then by further notice terminate that employment.
- 2 The Contractor shall not be entitled to give notice under clause 6·10·1 in respect of the matter referred to in clause 6·10·1·3 where the loss or damage to the Works occasioned by

a Specified Peril was caused by the negligence or default of the Contractor or his employees, agents or sub-contractors.

Consequences of termination under clauses 6-8 to 6-10

- 6-11** If the Contractor's employment is terminated under any of clauses 6-8 to 6-10:
- 1 no further sums shall become due to the Contractor otherwise than in accordance with this clause 6-11;
 - 2 the Contractor shall as soon as reasonably practicable prepare an account. The account shall set out the amounts referred to in clauses 6-11-2-1 and 6-11-2-2 and, if applicable, clause 6-11-2-3, namely:
 - 1 the total value of work properly executed at the date of termination of the Contractor's employment, ascertained in accordance with these Conditions as if the employment had not been terminated, together with any other amounts due to the Contractor under these Conditions;
 - 2 the cost of materials or goods (including Site Materials) properly ordered for the Works for which the Contractor then has paid or is legally bound to pay;
 - 3 any direct loss and/or damage caused to the Contractor by the termination;
 - 3 the account shall include the amount, if any, referred to in clause 6-11-2-3 only where the Contractor's employment is terminated either:
 - 1 under clause 6-8 or 6-9; or
 - 2 under clause 6-10-1-3, if the loss or damage to the Works occasioned by any of the Specified Perils was caused by the negligence or default of the Employer or any person for whom the Employer is responsible;
 - 4 after taking into account amounts previously paid to the Contractor under this Contract, the Employer shall pay to the Contractor the amount properly due in respect of the account within 28 days of its submission by the Contractor to the Employer, without deduction of any retention. Payment by the Employer for any such materials and goods as are referred to in clause 6-11-2-2 shall be subject to such materials and goods thereupon becoming the property of the Employer.

Section 7 Settlement of Disputes

Mediation

- 7-1 Subject to Article 6, if a dispute or difference arises under this Contract which cannot be resolved by direct negotiations, each Party shall give serious consideration to any request by the other to refer the matter to mediation.

Adjudication

- 7-2 If a dispute or difference arises under this Contract which either Party wishes to refer to adjudication, the Scheme shall apply except that for the purposes of the Scheme the Adjudicator shall be the person (if any) and the nominating body shall be that stated in the Contract Particulars.

Arbitration

- 7-3 For the purposes of Article 7, if it applies, the procedures for arbitration are set out in Schedule 1.^[35]

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^[35] Arbitration or legal proceedings are **not** an appeal against the decision of the Adjudicator but are a consideration of the dispute or difference as if no decision had been made by an Adjudicator.

Schedules

Schedule 1 Arbitration

(Clause 7.3)

Conduct of arbitration

- 1 Any arbitration pursuant to Article 7 shall be conducted in accordance with the JCT 2011 edition of the Construction Industry Model Arbitration Rules (CIMAR), provided that if any amendments to that edition of the Rules have been issued by the JCT the Parties may, by a joint notice to the Arbitrator, state that they wish the arbitration to be conducted in accordance with the Rules as so amended. References in this Schedule 1 to a Rule or Rules are references to such Rule(s) as set out in the JCT 2011 edition of CIMAR.

Notice of reference to arbitration

- 2
- 1 Where pursuant to Article 7 either Party requires a dispute or difference to be referred to arbitration, that Party shall serve on the other Party a notice of arbitration to such effect in accordance with Rule 2.1 identifying the dispute and requiring the other Party to agree to the appointment of an arbitrator. The Arbitrator shall be an individual agreed by the Parties or, failing such agreement within 14 days (or any agreed extension of that period) after the notice of arbitration is served, appointed on the application of either Party in accordance with Rule 2.3 by the person named in the Contract Particulars.
 - 2 Where two or more related arbitral proceedings in respect of the Works fall under separate arbitration agreements, Rules 2.6, 2.7 and 2.8 shall apply.
 - 3 After an arbitrator has been appointed either Party may give a further notice of arbitration to the other Party and to the Arbitrator referring any other dispute which falls under Article 7 to be decided in the arbitral proceedings and Rule 3.3 shall apply.

Powers of Arbitrator

- 3 Subject to the provisions of Article 7 the Arbitrator shall, without prejudice to the generality of his powers, have power to rectify this Contract so that it accurately reflects the true agreement made by the Parties, to direct such measurements and/or valuations as may in his opinion be desirable in order to determine the rights of the Parties and to ascertain and award any sum which ought to have been the subject of or included in any certificate and to open up, review and revise any certificate, opinion, decision, requirement or notice and to determine all matters in dispute which shall be submitted to him in the same manner as if no such certificate, opinion, decision, requirement or notice had been given.

Effect of award

- 4 Subject to paragraph 5 the award of the Arbitrator shall be final and binding on the Parties.

Appeal – questions of law

- 5 The Parties hereby agree pursuant to section 45(2)(a) and section 69(2)(a) of the Arbitration Act 1996 that either Party may (upon notice to the other Party and to the Arbitrator):
- 1 apply to the courts to determine any question of law arising in the course of the reference, and
 - 2 appeal to the courts on any question of law arising out of an award made in an arbitration under this arbitration agreement.

Arbitration Act 1996

- 6 The provisions of the Arbitration Act 1996 shall apply to any arbitration under this Contract wherever the same, or any part of it, shall be conducted.

Schedule 2 Fluctuations Option – Contribution, levy and tax changes

(Clause 4.11)

Deemed calculation of Contract Sum – labour

- 1 The Contract Sum shall be deemed to have been calculated in the manner set out below and shall be subject to adjustment in the events specified hereunder.
- 1 The Contract Sum is based upon the types and rates of contribution, levy and tax payable by a person in his capacity as an employer and which at the Base Date are payable by the Contractor. A type and a rate so payable are in paragraph 1.2 referred to as a 'tender type' and a 'tender rate'.
 - 2 If any of the tender rates other than a rate of levy payable by virtue of the Industrial Training Act 1982 is increased or decreased, or if a tender type ceases to be payable, or if a new type of contribution, levy or tax which is payable by a person in his capacity as an employer becomes payable after the Base Date, then in any such case the net amount of the difference between what the Contractor actually pays or will pay in respect of:
 - 1 workpeople engaged upon or in connection with the Works either on or adjacent to the site; and
 - 2 workpeople directly employed by the Contractor who are engaged upon the production of materials or goods for use in or in connection with the Works and who operate neither on nor adjacent to the site and to the extent that they are so engaged
 or because of his employment of such workpeople and what he would have paid had the alteration, cessation or new type of contribution, levy or tax not become effective shall, as the case may be, be paid to or allowed by the Contractor.
 - 3 There shall be added to the net amount paid to or allowed by the Contractor under paragraph 1.2, in respect of each person employed by the Contractor who is engaged upon or in connection with the Works either on or adjacent to the site and who is not within the definition of workpeople in paragraph 12.3, the same amount as is payable or allowable in respect of a craftsman under paragraph 1.2 or such proportion of that amount as reflects the time (measured in whole working days) that each such person is so employed.
 - 4 For the purposes of paragraph 1.3:
 - 1 no period of less than 2 whole working days in any week shall be taken into account and periods of less than a whole working day shall not be aggregated to amount to a whole working day;
 - 2 "the same amount as is payable or allowable in respect of a craftsman" shall refer to the amount in respect of a craftsman employed by the Contractor (or by any sub-contractor under a sub-contract to which paragraph 3 refers) under the rules or decisions or agreements of the Construction Industry Joint Council or other wage-fixing body and, where those rules or decisions or agreements provide for more than one rate of wage, emolument or other expense for a craftsman, shall refer to the amount in respect of a craftsman employed as aforesaid to whom the highest rate is applicable; and
 - 3 "employed by the Contractor" shall mean an employment to which the Income Tax (Pay As You Earn) Regulations 2003 apply.
 - 5 The Contract Sum is based upon the types and rates of refund of the contributions, levies and taxes payable by a person in his capacity as an employer and upon the types and rates of premium receivable by a person in his capacity as an employer being in each case types and rates which at the Base Date are receivable by the Contractor. Such a type and such a rate are in paragraph 1.6 referred to as a 'tender type' and a 'tender rate'.
 - 6 If any of the tender rates is increased or decreased or if a tender type ceases to be payable or if a new type of refund of any contribution, levy or tax payable by a person in his capacity as an employer becomes receivable or if a new type of premium receivable by a person in his capacity as an employer becomes receivable after the Base Date, then in any such case the net amount of the difference between what the Contractor actually receives or will receive in respect of workpeople as referred to in paragraphs 1.2.1 and 1.2.2 or because of his employment of such workpeople and what he would have received had the alteration, cessation or new type of refund or premium not become effective shall, as the case may be, be paid to or allowed by the Contractor.

- 7 The references in paragraphs 1·5 and 1·6 to premiums shall be construed as meaning all payments howsoever they are described which are made under or by virtue of an Act of Parliament to a person in his capacity as an employer and which affect the cost to an employer of having persons in his employment.
- 8 Where employer's contributions are payable by the Contractor in respect of workpeople as referred to in paragraphs 1·2·1 and 1·2·2 whose employment is contracted-out employment within the meaning of the Pension Schemes Act 1993, the Contractor shall for the purpose of recovery or allowance under paragraph 1 be deemed to pay employer's contributions as if that employment were not contracted-out employment.
- 9 The references in paragraph 1 to contributions, levies and taxes shall be construed as meaning all impositions payable by a person in his capacity as an employer howsoever they are described and whoever the recipient which are imposed under or by virtue of an Act of Parliament and which affect the cost to an employer of having persons in his employment.

Deemed calculation of Contract Sum – materials

- 2 The Contract Sum shall be deemed to have been calculated in the manner set out below and shall be subject to adjustment in the events specified hereunder.
 - 1 The Contract Sum is based upon the types and rates of duty, if any, and tax, if any (other than any VAT which is treated, or is capable of being treated, as input tax by the Contractor), by whomsoever payable which at the Base Date are payable on the import, purchase, sale, appropriation, processing, use or disposal of the materials, goods, electricity, fuels, materials taken from the site as waste or any other solid, liquid or gas necessary for the execution of the Works by virtue of any Act of Parliament. A type and a rate so payable are in paragraph 2·2 referred to as a 'tender type' and a 'tender rate'.
 - 2 If, in relation to any materials or goods or any electricity or fuels or materials taken from the site as waste or any other solid, liquid or gas necessary for the execution of the Works including temporary site installations for those Works, a tender rate is increased or decreased or a tender type ceases to be payable or a new type of duty or tax (other than any VAT which is treated, or is capable of being treated, as input tax by the Contractor) becomes payable on the import, purchase, sale, appropriation, processing, use or disposal of any of the above things after the Base Date, then in any such case the net amount of the difference between what the Contractor actually pays in respect of those materials, goods, electricity, fuels, materials taken from the site as waste or any other solid, liquid or gas and what he would have paid in respect of them had the alteration, cessation or imposition not occurred shall, as the case may be, be paid to or allowed by the Contractor. In this paragraph 2·2 "a new type of duty or tax" includes an additional duty or tax and a duty or tax imposed in regard to any of the above in respect of which no duty or tax whatever was previously payable (other than any VAT which is treated, or is capable of being treated, as input tax by the Contractor).

Sub-contract work – incorporation of provisions to like effect

- 3
 - 1 If the Contractor sub-contracts any portion of the Works he shall incorporate in the sub-contract provisions to the like effect as the provisions of this Fluctuations Option (excluding this paragraph 3) including the percentage stated in the Contract Particulars pursuant to paragraph 13 which are applicable for the purposes of this Contract.
 - 2 If the price payable under such a sub-contract as referred to in paragraph 3·1 is increased above or decreased below the price in such sub-contract by reason of the operation of the said incorporated provisions, then the net amount of such increase or decrease shall, as the case may be, be paid to or allowed by the Contractor under this Contract.

Notification by Contractor

- 4
 - 1 The Contractor shall notify the Architect/Contract Administrator of the occurrence of any of the events referred to in such of the following provisions as are applicable for the purposes of this Contract:
 - 1 paragraph 1·2;
 - 2 paragraph 1·6;
 - 3 paragraph 2·2;
 - 4 paragraph 3·2.
 - 2 Any notification required to be given under paragraph 4·1 shall be given within a reasonable time after the occurrence of the event to which it relates, and notification in that

time shall be a condition precedent to any payment being made to the Contractor in respect of the event in question.

Agreement – Architect/Contract Administrator and Contractor

- 5 The Architect/Contract Administrator and the Contractor may agree what shall be deemed for all the purposes of this Contract to be the net amount payable to or allowable by the Contractor in respect of the occurrence of any event such as is referred to in any of the provisions listed in paragraph 4·1.

Fluctuations added to or deducted from Contract Sum

- 6 Any amount which from time to time becomes payable to or allowable by the Contractor by virtue of paragraphs 1 and 2 or paragraph 3 shall, as the case may be, be added to or deducted from the Contract Sum. The addition or deduction to which this paragraph 6 refers shall be subject to the provisions of paragraphs 7 to 10·1.

Evidence and computations by Contractor

- 7 As soon as is reasonably practicable the Contractor shall provide such evidence and computations as the Architect/Contract Administrator may reasonably require to enable the amount payable to or allowable by the Contractor by virtue of paragraphs 1 and 2 or paragraph 3 to be ascertained; and in the case of amounts payable to or allowable by the Contractor under paragraph 1·3 (or paragraph 3 for amounts payable to or allowable under the provisions in the sub-contract to the like effect as paragraphs 1·3 and 1·4) – employees other than workpeople – such evidence shall include a certificate signed by or on behalf of the Contractor each week certifying the validity of the evidence reasonably required to ascertain such amounts.

Actual payment by Contractor

- 8 No amount shall be added or deducted in the computation of the amount stated as due in interim payments by virtue of this paragraph 8 unless on or before the date as at which the total value of work, materials and goods is ascertained for the purposes of any interim payment the Contractor shall have actually paid or received the sum which is payable by or to him in consequence of the event in respect of which the payment or allowance arises.

No alteration to Contractor's profit

- 9 No addition to or deduction from the Contract Sum made by virtue of paragraph 6 shall alter in any way the amount of profit of the Contractor included in that Sum.

Position where Contractor in default over completion

- 10 ·1 Subject to the provisions of paragraph 10·2 no amount shall be added or deducted in the computation of the amount stated as due in interim payments or in the final certificate in respect of amounts otherwise payable to or allowable by the Contractor by virtue of paragraphs 1 and 2 or paragraph 3 if the event (as referred to in the provisions listed in paragraph 4·1) in respect of which the payment or allowance would be made occurs after the Date for Completion stated in the Contract Particulars or after any later Date for Completion fixed under clause 2·8.
- 2 Paragraph 10·1 shall not be applied unless:
- 1 the printed text of clause 2·8 is unamended and forms part of the Conditions; and
 - 2 the Architect/Contract Administrator has, in respect of every notification by the Contractor under clause 2·8, fixed or confirmed such Date for Completion as he considers to be in accordance with that clause.

Work etc. to which paragraphs 1 to 3 not applicable

- 11 Paragraphs 1 to 3 shall not apply in respect of:
- 1 work for which the Contractor is allowed daywork rates under clause 3·6;
 - 2 changes in the rate of VAT charged on the supply of goods or services by the Contractor to the Employer under this Contract.

Definitions

- 12** In this Fluctuations Option:
- 1 the Base Date means the date stated as such in the Contract Particulars;
 - 2 “materials” and “goods” include timber used in formwork but do not include other consumable stores, plant and machinery;
 - 3 “workpeople” means persons whose rates of wages and other emoluments (including holiday credits) are governed by the rules or decisions or agreements of the Construction Industry Joint Council or some other wage-fixing body for trades associated with the building industry;
 - 4 “wage-fixing body” means a body which lays down recognised terms and conditions of workers;
 - 5 “recognised terms and conditions” means terms and conditions of workers in comparable employment in the trade or industry, or section of trade or industry, in which the employer in question is engaged which have been settled by an agreement or award to which the parties are employers’ associations and independent trade unions which represent (generally, or in the district in question, as the case may be) a substantial proportion of the employers and of the workers in the trade, industry or section being workers of the description to which the agreement or award relates.

Percentage addition to fluctuation payments or allowances

- 13** There shall be added to the amount paid to or allowed by the Contractor under:
- 1 paragraph 1·2,
 - 2 paragraph 1·3,
 - 3 paragraph 1·6,
 - 4 paragraph 2·2

the percentage stated in the Contract Particulars.

Schedule 3 Supplemental Provisions

(Eighth Recital)

Each provision applies unless otherwise stated in the Contract Particulars.

Collaborative working

- 1 The Parties shall work with each other and with other project team members in a co-operative and collaborative manner, in good faith and in a spirit of trust and respect. To that end, each shall support collaborative behaviour and address behaviour which is not collaborative.

Health and safety

- 2
 - 1 Without limiting either Party's statutory and/or regulatory duties and responsibilities and/or the specific health and safety requirements of this Contract, the Parties will endeavour to establish and maintain a culture and working environment in which health and safety is of paramount concern to everybody involved with the project.
 - 2 In addition to the specific health and safety requirements of this Contract, the Contractor undertakes to:
 - 1 comply with any and all approved codes of practice produced or promulgated by the Health and Safety Executive and/or the Health and Safety Commission;
 - 2 ensure that all personnel engaged by the Contractor and members of the Contractor's supply chain on site receive appropriate site-specific health and safety induction training and regular refresher training;
 - 3 ensure that all such personnel have access at all times to competent health and safety advice in accordance with regulation 7 of the Management of Health and Safety at Work Regulations 1999; and
 - 4 ensure that there is full and proper health and safety consultation with all such personnel in accordance with the Health and Safety (Consultation with Employees) Regulations 1996.

Cost savings and value improvements

- 3
 - 1 The Contractor is encouraged to propose changes to designs and specifications for the Works and/or to the programme for their execution that may benefit the Employer, whether in the form of a reduction in the cost of the Works or their associated life cycle costs, through practical completion at a date earlier than the date for completion or otherwise.
 - 2 The Contractor shall provide details of his proposed changes, identifying them as suggested under this paragraph 3, together with his assessment of the benefit he believes the Employer may obtain, expressed in financial terms, and a quotation.
 - 3 Where the Employer wishes to implement a change proposed by the Contractor, the Parties shall negotiate with a view to agreeing its value, the financial benefit and any adjustment to the date for completion. Upon agreement, the change and the amount of any adjustment of the Contract Sum shall be confirmed in an Architect/Contract Administrator's instruction, together with the share of the financial benefit to be paid to the Contractor and any adjustment to the date for completion.
 - 4 Original proposals by the Contractor under this paragraph 3 may only be instructed in accordance with it, provided always that nothing shall prevent the Employer from utilising other contractors to implement such changes after practical completion of the Works.

Sustainable development and environmental considerations

- 4
 - 1 The Contractor is encouraged to suggest economically viable amendments to the Works which, if instructed as a variation under clause 3.6.1, may result in an improvement in environmental performance in the carrying out of the Works or of the completed Works.
 - 2 The Contractor shall provide to the Employer all information that he reasonably requests regarding the environmental impact of the supply and use of materials and goods which the Contractor selects.

Performance Indicators and monitoring

- 5
- 1 The Employer shall monitor and assess the Contractor's performance by reference to any performance indicators stated or identified in the Contract Documents.
 - 2 The Contractor shall provide to the Employer all information that he may reasonably require to monitor and assess the Contractor's performance against the targets for those performance indicators.
 - 3 Where the Employer considers that a target for any of those performance indicators may not be met, he may inform the Contractor who shall submit his proposals for improving his performance against that target to the Employer.

Notification and negotiation of disputes

- 6 With a view to avoidance or early resolution of disputes or differences (subject to Article 6), each Party shall promptly notify the other of any matter that appears likely to give rise to a dispute or difference. The senior executives nominated in the Contract Particulars (or if either is not available, a colleague of similar standing) shall meet as soon as practicable for direct, good faith negotiations to resolve the matter.

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Guidance Notes

Use of Minor Works Building Contract with contractor's design

- 1 The Contract should only be used where the employer has engaged an architect or other professionally qualified person to advise on and administer its terms.
- 2 The criteria for determining the suitability of the Contract are set out on the inside of the front cover.
- 3 For Works which do not fulfil these criteria, reference should be made to www.jctcontracts.com for guidance as to the appropriate contract.
- 4 The Contract makes provision for a Contractor's Designed Portion which may comprise of one or more discrete parts. However, the Contract is not drafted as a design and build contract and should not be used where that form of contractual arrangement is required.
- 5 The Contract is predicated upon a lump sum offer being obtained, based on drawings and/or a specification and/or work schedules, but without detailed measurements. Those documents should therefore be in a form sufficient to enable the Contractor accurately to identify the work to be done without the need for the Employer to provide bills of quantities.
- 6 The Contract is not suitable for use where the Works are of a complex nature or where the period required for the execution of the Works is such that full labour and materials fluctuation provisions are needed.
- 7 Amendments have been made in the 2011 edition of the Contract to its payment provisions with a view to ensuring that it continues to comply with the requirements of the Housing Grants, Construction and Regeneration Act 1996 ('the Construction Act'), as now amended by the Local Democracy, Economic Development and Construction Act 2009 ('the 2009 amendments'). In addition to the revised statutory requirements regarding payment procedures, the Construction Act continues to provide a statutory right for either Party to refer disputes or differences to adjudication.
- 8 However, not all building contracts are subject to the Construction Act; for example, a contract with a residential occupier within the meaning of section 106 of the Act is excluded and therefore it does not need to contain adjudication provisions, but, unless amendments are made, a residential occupier in entering into a Minor Works Building Contract will be accepting adjudication as a means of resolving disputes.
- 9 For some projects where it is intended to use the Contract, the Employer may wish to control the selection of sub-contractors for specialist work. This may be done by naming a person or company in the tender documents or in instructions on the expenditure of a Provisional Sum. There are, however, no provisions in the Contract to deal with the consequences of such naming and control of specialist work may be better achieved by the Employer entering into a direct contract with his chosen specialist.
- 10 Clauses 3.9 and 3.10 of the Contract make provision in relation to CDM Regulations and their implications are referred to at paragraph 25 and 26 below. As the Contract is intended for use on smaller projects, however, no reference has been made in the Contract itself to the requirements of the Site Waste Management Plans Regulations 2008 (SI No. 314), since the latter apply only to projects with an estimated cost greater than £300,000. Where the estimated project cost is more than this amount, the Employer is required to prepare a site waste management plan and to appoint a principal contractor to maintain it. Article 6 in the JCT Standard Building Contract expressly covers that appointment, but it can of course be dealt with outside the Contract form.

Outline of the Contract

Architect/Contract Administrator

- 11 This is the professional whom the Employer has appointed to advise on and administer the Contract. If the appointee is not an architect, he is taken to be referred to in the Contract as the 'Contract Administrator', but, irrespective of the Architect/Contract Administrator's profession, their duties under the Contract are the same.

Role of the Architect/Contract Administrator

- 12 The Architect/Contract Administrator is paid by the Employer, advises the Employer on all matters in connection with the building work and administers the Contract on behalf of the Employer with a view to securing completion of the work in an efficient and economical manner. However, in relation to decisions in that administrative role that require professional skill and judgment, he should act fairly and independently as between the Employer and the Contractor, in particular when:
- issuing payment certificates;
 - valuing any variations or any work instructed in respect of Provisional Sums (see "Terms used") included in the Contract Documents;
 - giving any extension to the time stated in the Contract Particulars for the completion of the building work;
 - certifying the date of practical completion (see "Terms used") and the date when in his opinion all defects which appear during the Rectification Period (see "Terms used") have been made good.

Instructions

- 13 Under the Contract only the Architect/Contract Administrator can issue instructions to the Contractor; although the Employer is paying for the building work he is not entitled to give any instructions direct to the Contractor in connection with it. If the Employer wishes to make any change to the work or the manner in which it is being carried out, he must ask the Architect/Contract Administrator to give the necessary instructions to the Contractor. The Architect/Contract Administrator has wide powers to issue instructions but instructions affecting the design of the Contractor's Designed Portion can only be issued with the consent of the Contractor. The Contractor must act reasonably and cannot delay or withhold his consent unless it is reasonable to do so.

Contractor's Designed Portion

- 14 The First Recital requires a brief description of the Works as a whole; the Second Recital provides for the identification of the part or parts of the Works that are to comprise the Contractor's Designed Portion. The Third Recital refers to the Employer's Requirements, the document supplied by the Employer to the Contractor that sets out the Employer's requirements for the design of work by the Contractor. The Contractor is required to complete the design of the Contractor's Designed Portion and to comply with any Architect/Contract Administrator's directions with regard to its integration into the Works but the Contractor is not responsible for the contents of the Employer's Requirements or for verifying the adequacy of any design included in them.

Price

- 15 This is the lump sum stated in the Contract, plus any VAT properly chargeable on the building work. The precise sum may be increased or decreased depending on any changes to the work or the order or period in which it is carried out, the value of work instructed by the Architect/Contract Administrator in respect of any Provisional Sums included in the Contract Documents and, where applicable, any increase or decrease in contributions, levies and taxes for which the Contractor is liable.

Time-scale for the work

- 16 If it becomes apparent that the work cannot be finished within the original time stated in the Contract Particulars the Contractor is required to notify the Architect/Contract Administrator straightaway. If the delay arises for reasons beyond the control of the Contractor, the Architect/Contract Administrator is then required to give such extension of time as is reasonable.

If the work is not finished by the Date for Completion (see "Terms used") after taking into account any extensions of time, the Employer can recover liquidated damages (see "Terms used") from the Contractor.

Payment

- 17 Payment is made under certificates issued by the Architect/Contract Administrator which until practical completion are to be issued every 4 weeks, calculated from the date of commencement. A further certificate is to be issued within 14 days of practical completion. Interim certificates are thereafter issued at intervals of 2 months (unless otherwise agreed) up to the expiry of the Rectification Period. The final balance is paid following the issue of the final certificate. The final date for payment of certificates, together with any VAT chargeable to the Employer, is 14 days

from the due date for payment.

Unless a percentage for payment other than 95 per cent is inserted in the Contract Particulars for clause 4.3 interim certificates for the period up to practical completion will reflect the Employer's entitlement to retain 5 per cent. For the period between practical completion and the final certificate, the Contract envisages that the percentage retained will be halved.

The 2009 amendments to the Construction Act require interim and final certificates to be issued not later than 5 days after their due date. Therefore, unless otherwise agreed by the Parties at the time, a late certificate will be ineffectual and, to restart the payment procedure in those circumstances, the Contractor may need to give a payment notice, stating the amount that he considers due to him.

If the Employer fails to pay an amount due to the Contractor by the final date for its payment, interest at a rate of 5% per annum over the official dealing rate of the Bank of England is payable by the Employer for the period until payment is made.

It is clear from the 2009 amendments that if in response to a certificate or payment notice the Employer gives a 'pay less' notice and pays the lesser amount that he specifies in the 'pay less' notice, the Contractor's right under the Construction Act to suspend for non-payment does not arise. However, the JCT provision for interest is intended to preserve the Contractor's right to interest on the additional amount that he should have been paid, insofar as there was no sustainable basis for a withholding by the Employer and regardless of any 'pay less' notice that the latter has given.

Suspension

- 18 If the Employer does not give a 'pay less' notice and does not pay the amount due to the Contractor by the final date for its payment, or, having given a 'pay less' notice, then fails to pay the amount specified in it, the Contractor, after giving notice, has the right to suspend performance of some or all of his obligations under the Contract until payment of the appropriate amount is made. Under the 2009 amendments there is also now a statutory right for him to recover reasonable costs and expenses that he incurs as a result of exercising that right.

Termination

- 19 Either Party may end the Contractor's employment if the other Party does not comply with certain stated obligations or becomes insolvent.

Dealing with disputes

- 20 Either Party may at any time refer any dispute to adjudication for a 'fast track' decision; the adjudicator's decision is binding unless and until the dispute is decided by an arbitrator or the court. Residential occupiers wishing to use the Contract should also refer to paragraph 8 above. The Contract Particulars enable the Parties to nominate an individual adjudicator in advance, should they wish. However, an individual should not be named in the Contract without his prior agreement. It has also to be recognised that those of sufficient standing to merit nomination are generally busy people and that when a dispute arises they may not be available.

The Parties may also agree to mediate a dispute.

For final dispute resolution in cases where either or both Parties are dissatisfied with the results of adjudication or mediation (or neither Party wished to have the dispute adjudicated), the choice is between court litigation and arbitration. Since 2005 litigation has been the default option under JCT contracts. If arbitration is the agreed choice, it should be selected through the appropriate entry in the Contract Particulars.

The JCT 2011 edition of the Construction Industry Model Arbitration Rules (CIMAR), which includes the JCT Supplementary and Advisory Procedures, will govern any arbitration that is commenced. It is recommended that anyone considering instituting arbitration proceedings should obtain a copy of the rules and, as with litigation, should take competent professional advice before taking steps to institute proceedings.

In making the choice between arbitration and litigation, in addition to the adjudication option, one should consider a range of other factors. Arbitration provides the ability to choose an arbitrator from any relevant profession, greater freedom of choice procedurally and confidentiality, whereas in litigation there is the wider power of the court. In the case of contracts where claims either way are likely to be small, it may be considered desirable to keep open the potentially cheaper route of using the County Court small claims track; any agreement to arbitrate, unless suitably qualified, would normally operate as a bar to using that route if the other Party did not agree.

Rights and remedies generally

- 21 Statutory and common law rights are not restricted by the terms of the Contract. The limitation period for a contract that is simply signed by the Parties is 6 years from the date of the breach or, where it is executed as a deed, 12 years. The limitation period should not be confused with the Rectification Period, which is provided to facilitate the remedying of the Contractor's defective work by allowing him to return to site to make good.

Supplemental Provisions

- 22 Schedule 3 comprises six optional Supplemental Provisions which build upon the traditional JCT approach and reflect principles adopted by the Office of Government Commerce in the Achieving Excellence in Construction initiatives. They are for use where appropriate; the extent of such use may depend upon factors such as the scope of the project, the participants and the type of relationship that the Parties wish to have. The choice as to which provisions apply is made in the Contract Particulars. If no choice is made in relation to a provision, it will apply, since the provisions are generally intended to be disapplied only where there is a Framework Agreement or other contract documentation that covers the same ground.

Terms used

- 23 As part of his duties to the Employer, the Architect/Contract Administrator should be prepared to explain the general meanings of the various terms used in the Contract. For example:

Base Date

- 24 The Base Date is stated in the Contract Particulars. The date often selected is 7 days or thereabouts before the date for submission of tenders so as to avoid any need for tenderers to deal with last minute changes. In the Minor Works Building Contract, however, Base Date plays a comparatively minor role, acting as the date of record for the Employer's status under the CIS scheme and for determining what fluctuations are payable.

CDM Regulations

- 25 Regulations made under Act of Parliament to improve health and safety standards on construction sites. The extent to which the CDM Regulations 2007 apply depends on whether or not the project that comprises or includes the Works is notifiable under the CDM Regulations. Part 2 of the CDM Regulations imposes duties (e.g. as to competence, co-operation, co-ordination and preventive steps) on clients, designers, contractors and sub-contractors at each level, whether or not the project is notifiable, as does Part 4 in relation to contractors, sub-contractors and others controlling work during the construction period. The additional duties contained in Part 3 (including those relating to the CDM Co-ordinator and Principal Contractor) apply only where the project is notifiable. Projects are generally notifiable if they involve 30 days or 500 person days of construction work. However, domestic clients (i.e. clients not acting in the course or furtherance of business) are not subject to duties under the CDM Regulations in relation to purely domestic projects, which in turn are treated as non-notifiable.

CDM Co-ordinator

- 26 The person named as the CDM Co-ordinator in the Articles of Agreement or subsequently appointed as such as required by the CDM Regulations. A CDM Co-ordinator is required only where the project is notifiable under the CDM Regulations.

Date for Completion

- 27 The date by which the Contractor is required to finish the work, as stated in the Contract Particulars or subsequently extended by the Architect/Contract Administrator.

Date of practical completion

- 28 The date when, in the Architect/Contract Administrator's opinion, the Contractor has to all practical intents and purposes completed the Works.

Rectification Period

- 29 Unless otherwise agreed, the Rectification Period is 3 months from the date of practical completion. The Contractor is required to put right any defects in the work which appear during

the Rectification Period before he is entitled to be paid the final balance of the Contract price. The Architect/Contract Administrator is required to notify the Contractor of any such defects not later than 14 days after the expiry of the Rectification Period.

Health and safety file

- 30** A manual which the CDM Co-ordinator is responsible for delivering to the Employer on completion of the work, giving information for the future on the management of health and safety in the maintenance, repair, renovation, occupancy or demolition of the work and its contents. It is only required where the project is notifiable under the CDM Regulations and is not required where the client is a residential occupier undertaking a purely domestic project.

Insurance in Joint Names

- 31** A policy of insurance under which both Parties are covered if an insured risk occurs. There is normally no substantial difficulty in obtaining Joint Names insurance for the Works but, in cases that involve residential occupiers, it is difficult to obtain Joint Names insurance for existing structures and contents. Where such Joint Names insurance is unavailable, the alternative of taking out insurance in the Employer's sole name (clause 5.4C) should be selected. Where such insurance is already provided under an existing household policy, the Employer's household insurer must nevertheless be notified that building works are to be carried out; the insurer may require the Employer to pay an additional premium. Where clause 5.4C is to apply, clause 5.4A, requiring the Contractor to insure the Works in Joint Names, should also remain operative.

Each Party should obtain advice from his own insurance adviser about coverage of the risks stated in the Contract. This should be done and the position agreed before the Contract is signed.

Any excesses under a policy are normally borne by the Party required to take out the insurance. In the case of the Works insurance, care should also be taken in determining the full reinstatement value (including any applicable VAT) and to ensure that the policy gives appropriate cover for items such as the additional costs of materials, working and removal of debris etc. that are likely to arise from loss or damage to the Works.

Liquidated damages

- 32** The rate per day/week/month stated in the Contract Particulars by the Employer, to compensate him for the Contractor's failure to finish the work on time. The rate should be a genuine pre-estimate by the Employer of the financial loss that he is likely to suffer. It is for the Employer to decide whether to deduct any liquidated damages that he might be entitled to from any amount certified as due to the Contractor; such deduction is not taken into account by the Architect/Contract Administrator in the calculation of any certificate and the appropriate notice must be given by the Employer under clause 4.5.4, 4.8.3 or 4.8.4.3.

Provisional Sum

- 33** A sum included for work which the Employer may or may not decide to have carried out, or which cannot be accurately specified in the original contract documents. For instance, where the Employer is undecided whether all, some or none of the outside of the premises will need to be re-decorated, the pricing documents may say "Allow £X for complete external redecoration of the premises." If the Employer then decides any redecoration is necessary, the specification required is instructed by the Architect/Contract Administrator and the price to be paid is either agreed between the Architect/Contract Administrator and the Contractor or valued by the Architect/Contract Administrator.

Variation

- 34** A change to the work that the Architect/Contract Administrator instructs on behalf of the Employer. The variation may be an addition to or an omission from the work as originally specified or to the order or period in which it is to be carried out.

2011 changes

The following provisions in 2011 Edition contain textual changes. The provisions with substantive textual changes have been identified with *.

2011 numbering

Articles

Article 4
 Article 5
 Article 7

Contract Particulars (entries)

7·2

Conditions (clauses)

1·3·5
 1·6*
 2·6·1
 2·8*
 2·9·2, 2·9·3
 2·11*
 2·12
 3·1
 3·3·1, 3·3·2·3
 3·4·1
 3·5
 3·10
 4·3*
 4·4*
 4·5*
 4·6
 4·7*
 4·8*
 4·9
 4·10
 6·1*
 6·2·3
 6·5·2·1
 6·6
 6·7·2*, 6·7·3 introduction
 6·8·1·1
 6·10·1 hanging paragraph
 6·11·1

Schedules

Schedule 1	paragraph 1 paragraph 2·1
Schedule 2	paragraph 4·1 paragraph 8
Schedule 3	paragraphs 10·1 and 10·2·2 paragraph 4·1

MWD User Checklist

A checklist of the key information that will help you to complete the Articles of Agreement may be downloaded from the JCT website.

Care has been taken in preparing these Guidance Notes but they should not be treated as a definitive legal interpretation or commentary. Users are reminded that the effect in law of the provisions of the Minor Works Building Contract with contractor's design 2011 Edition is, in the event of a dispute as to that effect, a matter for decision in adjudication, arbitration or litigation.



MWD 2011
Minor Works Building Contract
with contractor's design 2011

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2011

MINOR WORKS BUILDING CONTRACT

Minor Works Building Contract with contractor's design (MWD)

Appropriate:

- where the work involved is simple in character;
- where the work is designed and the requirements for the contractor's design of discrete part(s) are detailed by or on behalf of the Employer, and where the Contractor is required to design those part(s) of the work (Contractor's Designed Portion);
- where the Employer is to provide drawings and/or a specification and/or work schedules to define adequately the quantity and quality of the work; and
- where an Architect/Contract Administrator is to administer the conditions.

Can be used:

- by both private and local authority employers.

Not suitable:

- as a design and build contract;
- where bills of quantities are required;
- where provisions are required to govern work carried out by named specialists;
- where detailed control procedures are needed.

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The 2011 Edition is intended for use following the implementation of the Local Democracy, Economic Development and Construction Act 2009 on 1 October 2011.

For details of 2011 Edition changes, see the Guidance Notes.

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