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DB 2016

Design and Build Contract 2016

**2016**

DESIGN AND BUILD CONTRACT

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**Design and Build Contract (DB)**

Appropriate:

● where detailed contract provisions are necessary and Employer’s Requirements have been prepared and provided to the Contractor;

● where the Contractor is not only to carry out and complete the works, but also to complete the design; and ● where the Employer employs an agent (who may be an external consultant or employee) to administer the conditions. Can be used:

● where the works are to be carried out in sections;

● by both private and local authority employers.

Where the Contractor’s design responsibility is restricted to discrete parts of the works and he is not responsible for completing the design for the whole works, consideration should be given to using one of the JCT contracts that provide for the employment of an Architect/Contract Administrator and limited design input by the Contractor.

|  |
| --- |
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**Agreement**

**This Agreement**

is made the 06/04/23

**Between**

**The Employer**

The Government Property Agency (On Behalf of The Minister for the Cabinet Office on behalf of the Crown represented by the Government Property Agency)

REDACTED TEXT under FOIA Section 40, Personal Information

**And**

**The Contractor**

Tilbury Douglas Construction Limited

REDACTED TEXT under FOIA Section 40, Personal Information

 **[1]** Where the Employer or Contractor is neither a company incorporated under the Companies Acts nor a company registered under the laws of another country, delete the references to Company number and registered office. In the case of a company incorporated outside England and Wales, particulars of its place of incorporation should be inserted immediately before its Company number. As to execution by foreign companies and matters of jurisdiction, see the Design and Build Contract Guide.

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**Recitals**

**Whereas**

**First**

the Employer wishes to have the design and construction of the following work carried out**[2]**:

The refurbishment of 22-26 Whitehall

at

22-26 Whitehall, London, SW1A 2EG (‘the Works’)

and the Employer has supplied to the Contractor documents showing and describing or otherwise stating his requirements (‘the Employer’s Requirements’);

**Second**

in response to the Employer’s Requirements the Contractor has supplied to the Employer:

• documents showing and describing the Contractor’s proposals for the design and construction of the Works (‘the Contractor’s Proposals’); and

• an analysis of the Contract Sum (‘the Contract Sum Analysis’);

**Third**

the Employer has examined the Contractor’s Proposals and, subject to the Conditions, is satisfied that they appear to meet the Employer’s Requirements**[3]**;

**Fourth**

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;

**Fifth**

the division of the Works into Sections is shown in the Employer’s Requirements or in such other documents as are identified in the Contract Particulars**[4]**;

**Sixth**

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

**[2]** State nature and location of intended works.

**[3]** Where the Employer has accepted a divergence from his requirements in the proposals submitted by the Contractor, the divergence should be removed by amending the Employer’s Requirements before the Contract is executed.

**[4]** Delete the Fifth Recital if the Works are not divided into Sections.

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**Seventh**

whether any of Supplemental Provisions 1 to 10 apply is stated in the Contract Particulars;

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**Articles**

**Now it is hereby agreed as follows**

**Article 1 Contractor’s obligations**

The Contractor shall complete the design for the Works and carry out and complete the construction of the Works in accordance with the Contract Documents.

**Article 2 Contract Sum**

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

REDACTED TEXT

or such other sum as becomes payable under this Contract.

**Article 3 Employer’s Agent**

For the purposes of this Contract the Employer’s Agent is

 REDACTED TEXT under FOIA Section 40, Personal Information

of

REDACTED TEXT under FOIA Section 40, Personal Information

or such other person as the Employer nominates in his place. Save to the extent that the Employer may otherwise specify by notice to the Contractor, the Employer’s Agent shall have full authority to receive and issue applications, consents, instructions, notices, requests or statements and otherwise to act for the Employer under any of the Conditions.

**Article 4 Employer’s Requirements and Contractor’s Proposals**

The Employer’s Requirements, the Contractor’s Proposals and the Contract Sum Analysis are those referred to in the Contract Particulars.

**Article 5 Principal Designer**

The Principal Designer for the purposes of the CDM Regulations is the Contractor or such replacement as the Employer at any time appoints to fulfil that role.

**Article 6 Principal Contractor**

The Principal Contractor for the purposes of the CDM Regulations is the Contractor or such replacement as the Employer at any time appoints to fulfil that role.

**Article 7 Adjudication**

If any dispute or difference arises under this Contract, either Party may refer it to adjudication in

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accordance with clause 9.2.**[5]**

**Article 8 Arbitration**

Not applicable

**Article 9 Legal proceedings[6]**

Subject to Article 7 and (where it applies) to Article 8, the English courts shall have jurisdiction over any dispute or difference between the Parties which arises out of or in connection with this Contract.

**[5]** 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 Design and Build Contract Guide.

**[6]** If it is intended, subject to the right of adjudication and exceptions stated in Article 8, that disputes or differences should be determined by arbitration and not by legal proceedings, the Contract Particulars **must** state that Article 8 and clauses 9.3 to 9.8 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 9 (see also clause 1.11 and Schedule 5 Part 1 and Part 2).

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**Contract Particulars**

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

**Fourth Recital and clause 4.5**

Construction Industry Scheme (CIS)

Employer at the Base Date

\* is a ‘contractor’

for the purposes of the CIS

**Fifth Recital**

Description of Sections (if any)

*(If not shown or described in the Employer’s Requirements, state the reference numbers and dates or other identifiers of documents in which they are shown.)***[7]**

Kirkland Building SER Room Sectional Completion (6, LGF): 10 August 2023

Kirkland Building Partial Possession (6, 5, 4, LGF): 20 September 2023

Kirkland Building SER Room Sectional Completion (2, 1): 14 August 2023

Ripley Building SER Room Sectional Completion (LGF & GF): 04 August 2023

Kirkland Building Partial Possession (3, 2, 1, GF): 27 September 2023

Kirkland Building Completion (incl. Final building commissioning): 25 October 2023

Ripley Building (Phase 1) Completion (LGF & part GF): 25 October 2023

Practical Completion (Lift, Atrium, Phase 1 Kirkland & Ripley): 25 October 2023

**Sixth Recital**

Framework Agreement (if applicable)

*(State date, title and parties.)*

CCS RM6088 - Construction Works and Associated Services Framework. Contract Reference: CCZD22A05

**Seventh Recital and Part 1 of Schedule 2**

Supplemental Provisions – Part 1

*(Where neither entry against one of Supplemental Provisions 1 to 3 below is deleted, that Supplemental Provision does not apply.)*

Supplemental Provision 1: Named Sub-Contractors

\* applies

Supplemental Provision 2: Valuation of Changes – Contractor’s estimates

\* applies

Supplemental Provision 3: Loss and expense – Contractor’s estimates

\* applies

**[7]** If the relevant document or set of documents takes the form of an Annex to this Contract, it is sufficient to refer to that Annex.

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**Seventh Recital and Part 2 of Schedule 2**

Supplemental Provisions**[8]** – Part 2

*(Where neither entry against one of Supplemental Provisions 4 to 10 below is deleted, that Supplemental Provision applies.)*

Supplemental Provision 4: Acceleration Quotation

\* applies

Supplemental Provision 5: Collaborative working

\* applies

Supplemental Provision 6: Health and safety

\* applies

Supplemental Provision 7: Cost savings and value improvements

\* applies

Supplemental Provision 8: Sustainable development and environmental considerations

\* applies

Supplemental Provision 9: Performance Indicators and monitoring

\* applies

Supplemental Provision 10: Notification and negotiation of disputes

\* does not apply

**Article 4**

Employer’s Requirements

*(State reference numbers and dates or other identifiers of the relevant documents.)***[7]**

See Annex C

Contractor’s Proposals

*(State reference numbers and dates or other identifiers of the relevant documents.)***[7]**

Refer to Employer's Requirements

Contract Sum Analysis

*(State reference numbers and dates or other identifiers of the relevant documents.)***[7]**

See Annex A

**Article 8**

Arbitration

*(If neither entry is deleted, Article 8 and clauses 9.3 to 9.8 do not apply. If disputes and differences are to be determined by arbitration and not by legal proceedings, it must be stated that Article 8 and clauses 9.3 to 9.8 apply.)***[9]**

Article 8 and clauses 9.3 to 9.8 *(Arbitration)*

\* do not apply

**1.1**

Base Date

04/04/2023

**[8]** Supplemental Provision 11 (Transparency) applies only where the Employer is a Local or Public Authority or other body to whom the Freedom of Information Act 2000 applies; Supplemental Provision 12 (The Public Contracts Regulations 2015) applies only where the Employer is a Local or Public Authority and this Contract is subject to the PC Regulations.

**[9]** 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 Design and Build Contract Guide. See also footnote [6].

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BIM Protocol (where applicable)

*(State title, edition, date or other identifiers of the relevant documents.)*

Not applicable

Sections: Dates for Completion of Sections**[10]**

Section Ripley Building SER Room Sectional Completion (LGF & GF) : 04 August 2023

Section Kirkland Building SER Room Sectional Completion (6, LGF) : 10 August 2023

Section Kirkland Building SER Room Sectional Completion (2, 1) : 14 August 2023

Section Kirkland Building Partial Possession (6, 5, 4, LGF) : 20 September 2023

Section Kirkland Building Partial Possession (3, 2, 1, GF) : 27 September 2023

Section Kirkland Building Completion (incl. final building commissioning) : 25 October 2023

Section Ripley Building (Phase 1) Complete (LGF & Part GF) : 25 October 2023

Section Kirkland Building Phase 1 Practical Completion : 25 October 2023

**1.7**

Addresses for service of notices by the Parties

*(If none is stated, the address in each case, subject to clause 1.7.3, shall be that shown at the commencement of the Agreement.)***[11]**

Employer

REDACTED TEXT under FOIA Section 40, Personal Information

Contractor

REDACTED TEXT under FOIA Section 40, Personal Information

**2.3**

Sections: Dates of Possession of Sections**[10]**

Section Ripley Building SER Room Sectional Completion (LGF & GF) : 5 April 2023

Section Kirkland Building SER Room Sectional Completion (6, LGF) : 5 April 2023

Section Kirkland Building SER Room Sectional Completion (2, 1) : 5 April 2023

Section Kirkland Building Partial Possession (6, 5, 4, LGF) : 5 April 2023

Section Kirkland Building Partial Possession (3, 2, 1, GF) : 5 April 2023

Section Kirkland Building Completion (incl. final building commissioning) : 5 April 2023

Section Ripley Building (Phase 1) Complete (LGF & Part GF) : 5 April 2023

Section Kirkland Building Phase 1 Practical Completion : 5 April 2023

**2.4**

Sections: deferment of possession of Sections

Clause 2.4

\* does not apply

**2.17.3**

Limit of Contractor’s liability for loss of use etc. (if any)

£refer to clause 2.17.11

**[10]** Continue on further sheets if necessary, which should be signed or initialled by or on behalf of each Party and then be annexed to this Contract.

**[11]** As to service of notices etc. outside the United Kingdom, see the Design and Build Contract Guide.

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**2.29.2**

Sections: rate of liquidated damages for each Section**[10]**

 REDACTED TEXT under FOIA Section 40, Personal Information

Sections: Section Sums**[10]**

REDACTED TEXT under FOIA Section 40, Personal Information

**2.35**

Sections: Rectification Periods**[10]**

*(If no other period is stated, the period is 6 months.)*

REDACTED TEXT

**4.2, 4.12 and 4.13**

Fluctuations Provision**[12]**

*(Unless another option or entry is selected, JCT Fluctuations Option A applies.)*

\* no Fluctuations Provision applies

**[12]** Unless the Fluctuations Provision is to be JCT Fluctuations Option A (set out in Schedule 7), delete all but one of the asterisked choices. JCT Fluctuations Options B and C are no longer included in JCT contract documents but continue to be available on the JCT website www.jctltd.co.uk. If an alternative fluctuation or cost adjustment formula is to be used, the document(s) in which it is contained should be identified here.

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**4.7.1**

Method of payment – alternatives**[13]**

*(If no Alternative is selected, Alternative B applies.)*

\* periodically in accordance with Alternative B (clause 4.13)

**4.7.2**

Interim Payments – Interim Valuation Dates

*(The dates apply for each Alternative; if no date is stated, the first Interim Valuation Date is one month after the Date of Possession.)*

The first Interim Valuation Date is

09/05/2023

and thereafter the same date in each month or the nearest Business Day in that month**[14]**

**4.15.4**

Listed Items – uniquely identified

*(Delete the entry if no bond is required.)*

REDACTED TEXT

**4.15.5**

Listed Items – not uniquely identified

*(Delete the entry if clause 4.15.5 does not apply.)*

REDACTED TEXT

**4.18.1**

Retention Percentage

*(The percentage is .... per cent unless a different rate is stated; if no retention is required, insert ‘Nil’ or*

**5.5**

Daywork

The Percentage Additions to each section of the prime cost or, if they apply in respect of labour, the All-Inclusive Rates, are set out in the following document**[7]**

See CSA

**6.4.1**

Contractor’s Public Liability insurance: injury to persons or property – the required level of cover is not less than

REDACTED TEXT

 **[13]** Delete whichever Alternative is not applicable. Where Interim Payments are to be made by stages (including by quantity of units and sub units completed) make the appropriate entries or prepare and insert a separate schedule of cumulative stage values.

**[14]** The first Interim Valuation Date should not be more than one month after the Date of Possession.

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**6.5.1**

Insurance – liability of Employer

Minimum amount of indemnity for any one occurrence or series of occurrences arising out of one event**[15]**

£Not applicable

**6.7 and Schedule 3**

Works insurance – Insurance Option applicable

Schedule 3:

\* Insurance Option C applies

Percentage to cover professional fees

*(If no other percentage is stated, it shall be 15 per cent.)*

…. per cent

Where Insurance Option C applies, paragraph C.1**[16]**

*(Unless otherwise stated, paragraph C.1 applies. If it is not to apply, state the reference number and date or other identifier of the replacement document(s).)*

\* applies

**6.10 and Schedule 3**

Terrorism Cover – details of the required cover

*(Unless otherwise stated, Pool Re Cover is required.)***[17]**

are set out in the following document(s)

RE Pool Cover

**6.15**

Professional Indemnity insurance

Level of cover

*(If an alternative is not selected the amount shall be the aggregate amount for any one period of insurance. A period of insurance for these purposes shall be one year unless otherwise stated.)*

Amount of indemnity required

\* is the aggregate amount for any one period of insurance

**[15]** Insert an amount where it is stated in the Employer’s Requirements that insurance under clause 6.5.1 is required. If the indemnity is to be for an aggregate amount and not for any one occurrence or series of occurrences, the entry should be amended to make this clear.

**[16] Insurance Option C** is for use in the case of alterations of or extensions to Existing Structures. Under that option, the **Employer** is required to take out a Joint Names Policy for All Risks Insurance for the Works and also, if paragraph C.1 applies, a Joint Names Policy to insure the Existing Structures and their contents owned by him or for which he is responsible against loss or damage by the Specified Perils. Some Employers (e.g. tenants and some homeowners) may not be able readily to obtain the Joint Names cover required under paragraph C.1. Where that is the case, alternative arrangements and amendments will be necessary. See the Design and Build Contract Guide.

**Where there are Existing Structures, it is vital that any prospective Employer who is not familiar with Insurance Option C – in particular any Employer who is a tenant or domestic homeowner – or an appropriate member of the Employer’s professional team, should consult specialist insurance advisers prior to the tender stage. Any Employer who is a tenant should also consult his insuring landlord prior to that stage.**

**[17]** Obtaining Terrorism Cover for the Works, which unless otherwise agreed is necessary in order to comply with the requirements of Insurance Option A, B or C, will involve an additional premium and in certain situations has been difficult to effect. If any difficulty might arise, there should be immediate pre-contract discussion between the Parties and their insurance advisers. See the Design and Build Contract Guide.

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*(If no amount is stated, insurance under clause 6.15 shall not be required.)*

and is

£10,000,000 any one claim

Cover for pollution and contamination claims

*(If no amount is stated, such cover shall not be required; unless otherwise stated, the required limit of indemnity is an annual aggregate amount.)*

\* is required, with a sub-limit of indemnity of

£10,000,000

Expiry of required period of Professional Indemnity insurance is

*(If no period is selected, the expiry date shall be 6 years from the date of practical completion of the Works.)* \* 12 years

**6.17**

The Joint Fire Code

\* applies**[18]**

If the Joint Fire Code applies, state whether the insurer under Insurance Option A, B or C (paragraph C.2) has specified that the Works are a ‘Large Project’:

\* No**[18]**

**6.20**

Joint Fire Code – amendments/revisions

*(The cost shall be borne by the Contractor unless otherwise stated.)*

The cost, if any, of compliance with amendment(s) or revision(s) to the Joint Fire Code shall be borne by

\* the Contractor

**7.2**

Assignment/grant by Employer of rights under clause 7.2

*(If neither entry is deleted, clause 7.2 applies.)*

Clause 7.2

\* applies

Sections: rights under clause 7.2

*(If clause 7.2 applies, amend the entry if rights under that clause are to apply to certain Sections only.)* \* Rights under clause 7.2 apply to each Section

**7.3.1**

Performance bond or guarantee from bank or other approved surety**[19]**

*(If this entry is not completed or the required form is not specified, a performance bond or guarantee is not required.)* \* is not required

**[18]** Where Insurance Option A applies these entries are made on information supplied by the Contractor.

**[19]** If a performance bond is required, the identity of the issuer as well as the operative terms of the bond should be agreed prior to execution of the contract.

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**7.3.2**

Guarantee from the Contractor’s parent company

\* is not required

**7.4**

Third Party Rights and Collateral Warranties – details of the requirements for the grant by the Contractor and sub contractors of P&T Rights, Funder Rights and/or (in the case of sub-contractors) Employer Rights in respect of the Works, either as third party rights or by collateral warranties (‘Rights Particulars’) are set out in the following document**[20]** *(State reference number and date or other identifier of the relevant document.)*

See appendix

**8.9.2**

Period of suspension

*(If none is stated, the period is 2 months.)*

2 months

**8.11.1.1 to 8.11.1.6**

Period of suspension

*(If none is stated, the period is 2 months.)*

2 months

**9.2.1**

Adjudication**[21]**

Nominating body – where no Adjudicator is named or where the named Adjudicator is unwilling or unable to act (whenever that is established)**[22]**

*(Where an Adjudicator is not named and a nominating body has not been selected, the nominating body shall be one of the bodies listed below selected by the Party requiring the reference to adjudication.)*

\* The Royal Institution of Chartered Surveyors

**[20]** The relevant Rights Particulars should identify the beneficiaries (by name, class or description) and the sub-contractors who are also required to grant rights, specify whether rights are to be granted at each level as Third Party Rights or by way of Collateral Warranties, state in those cases where the default provision is not to apply which alternative provision is to apply in its place and give any other details required to complete the terms of the rights or warranties that are to be given. A Model Form for the Rights Particulars is included in the Design and Build Contract Guide and is also available on the JCT website www.jctltd.co.uk.

In the case of third party rights the relevant limits and details required for the purposes of the respective parts of Schedule 5 of this Contract and Schedule 6 of the Design and Build Sub-Contract are the same as those required for the purposes of the Warranty Particulars for the corresponding Collateral Warranty (CWa/P&T, CWa/F, SCWa/P&T, SCWa/F or SCWa/E). Directions may be needed as to mode of execution of sub-contracts and/or collateral warranties by relevant sub-contractors. See also the Design and Build Contract Guide.

**[21]** 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.

**[22]** Delete all but one of the nominating bodies asterisked.

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**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 factors relevant to that choice, see the Design and Build Contract Guide.

**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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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.

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*Execution as a Deed*

**Executed as a Deed by the Employer**

namely 1 The Government Property Agency (On Behalf of The Minister for the Cabinet Office on behalf of the Crown represented by the Government Property Agency)

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

*(Print name of signatory)*

*Signature* Director

and

*(Print name of signatory)*

*Signature* Company Secretary/Director

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

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*Execution as a Deed*

**Executed as a Deed by the Contractor**

namely 1 Tilbury Douglas Construction Limited

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

*(Print name of signatory)*

*Signature* Director

and

*(Print name of signatory)*

*Signature* Company Secretary/Director

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

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**Conditions**

**Section 1 Definitions and Interpretation**

**Definitions**

**1.1 Definitions**

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:

**Acceleration Quotation:** a quotation by the Contractor for an acceleration in the carrying out of the Works or a Section made under **Supplemental Provision 4.**

**Adjudicator:** an individual appointed under **clause 9.2** as the Adjudicator.

**Agreement:** the Agreement to which these Conditions are annexed, including its Recitals, Articles and Contract Particulars.

**All Risks Insurance:** see **clause 6.8**.

**Arbitrator:** an individual appointed under **clause 9.4** as the Arbitrator.

**Article:** an article in the **Agreement**.

**Base Date:** the date stated as such date in the **Contract Particulars** (against the reference to **clause 1.1**)**[23]**.

**BIM Protocol:** (where applicable) the document identified as such in the **Contract Particulars** (against the reference to **clause 1.1**).

**Business Day:** any day which is not a Saturday, a Sunday or a Public Holiday.

**C.1 Replacement Schedule:** (where applicable) the insurance schedule and/or other documents identified as such in the **Contract Particulars** (against the reference to **clause 6.7** and **Schedule 3**).

**CDM Regulations:** the Construction (Design and Management) Regulations 2015.

**Change:** see **clause 5.1**.

**Completion Date:** the Date for Completion of the Works or of a Section as stated in the **Contract Particulars** or such other date as is fixed either under **clause 2.25** or by a Pre-agreed Adjustment.

**Conditions:** the clauses set out in sections 1 to 9 of these Conditions, together with and including the Schedules hereto.

**Confirmed Acceptance:** the Employer’s instruction under **Supplemental Provision 4** confirming acceptance of an Acceleration Quotation.

**Construction Industry Scheme (or ‘CIS’):** see the **Fourth Recital**.

**Construction Phase Plan:** the plan referred to in regulation 2 of the CDM Regulations, including any updates and revisions.

**[23]** The Base Date is relevant (inter alia) to clause 2.15.2.1 (changes in Statutory Requirements) and the JCT Fluctuations Options and it helps to determine the edition/issue and/or version of documents relevant to this Contract, e.g. definitions of the prime cost of daywork (clause 5.5).

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**Consultants:** see **clause 7.4**.

**Contract Documents:** the Agreement and these Conditions, together with the Employer’s Requirements, the Contractor’s Proposals, the Contract Sum Analysis and (where applicable) the BIM Protocol.

**Contract Particulars:** the particulars in the **Agreement** and there described as such, including the entries made by the Parties.

**Contract Sum:** the sum stated in **Article 2**.

**Contract Sum Analysis:** see the **Second Recital** and the **Contract Particulars**.

**Contractor:** the person named as Contractor in the **Agreement**.

**Contractor’s Design Documents:** the drawings, details and specifications of materials, goods and workmanship and other related documents and information prepared by or for the Contractor in relation to the design of the Works (including such as are contained in the Contractor’s Proposals), together, where applicable, with any other design documents or information to be provided by him under the BIM Protocol.

**Contractor’s Persons:** the Contractor’s employees and agents, all other persons employed or engaged on or in connection with the Works or any part of them and any other person properly on the site in connection therewith, excluding the Employer, Employer’s Persons and any Statutory Undertaker.

**Contractor’s Proposals:** see the **Second Recital** and the **Contract Particulars**.

**Date for Completion:** the date stated as such date in the **Contract Particulars** (against the reference to **clause 1.1**) in relation to the Works or a Section.

**Date of Possession:** the date stated as such date in the **Contract Particulars** (against the reference to **clause 2.3**) in relation to the Works or a Section.

**Design Submission Procedure:** such procedure as is specified by the BIM Protocol or, where that is not applicable, the procedure set out in **Schedule 1**, subject to any modifications of that procedure specified in the Contract Documents.

**Development Control Requirements:** any statutory provisions and any decision of a relevant authority thereunder which control the right to develop the site.

**Employer:** the person named as Employer in the **Agreement**.

**Employer Rights:** any rights in favour of the Employer to be granted by sub-contractors in accordance with the Rights Particulars, either by way of third party rights or JCT collateral warranty SCWa/E.

**Employer’s Agent:** see **Article 3**.

**Employer’s Final Statement:** the final statement prepared by or on behalf of the Employer pursuant to **clause 4.24.4**.

**Employer’s Persons:** all persons employed, engaged or authorised by the Employer, excluding the Contractor, Contractor’s Persons, and any Statutory Undertaker but including any such third party as is referred to in clause 3.15.2.

**Employer’s Requirements:** see the **First Recital** and the **Contract Particulars**.

**Excepted Risks:** see **clause 6.8**.

**Existing Structures:** any and all existing structures within which the Works or part of them are to be executed or to which they are to form an extension, together with any Section for which a Section Completion Statement has been issued and, as from the Relevant Date, any Relevant Part taken into possession under clause 2.30.

**Final Payment Notice:** see **clause 4.8**.

**Final Statement:** see **clauses 1.8** and **4.24**.

**Finance Agreement:** the agreement between the Funder and the Employer for the provision of

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finance for the Works.

**Fluctuations Provision:** the provision (if any) specified by the **Contract Particulars** (against the reference to **clauses 4.2**, **4.12** and **4.13**).

**Funder:** the person named or otherwise sufficiently identified as such (whether by class or description) in or by the Rights Particulars and in respect of whom the Employer gives notice under **clause 7.8.1**.

**Funder Rights:** the rights in favour of the Funder to be granted by the Contractor as third party rights under **Part 2 of Schedule 5** or by JCT collateral warranty CWa/F or those to be granted by sub contractors in accordance with the Rights Particulars.

**Gross Valuation:** see **clauses 4.12** and **4.13**.

**Insolvent:** see **clause 8.1**.

**Insurance Options A, B and C:** the provisions relating to insurance of the Works and (where applicable) Existing Structures set out in **Schedule 3**.

**Interest Rate:** a rate 5% per annum above the official bank rate of the Bank of England current at the date that a payment due under this Contract becomes overdue.

**Interim Payment:** any of the payments to which **clause 4.7** and the **Contract Particulars** refer.

**Interim Payment Application:** see **clause 4.7**.

**Interim Valuation Date:** each date as specified by the **Contract Particulars** (against the reference to **clause 4.7.2**).

**Joint Fire Code:** the Joint Code of Practice on the Protection from Fire of Construction Sites and Buildings Undergoing Renovation, published by Construction Industry Publications Ltd and the Fire Protection Association, current at the Base Date.

**Joint Names Policy:** see **clause 6.8**.

**Listed Items:** materials, goods and/or items prefabricated for inclusion in the Works which are listed as such items by the Employer in a list supplied to the Contractor and annexed to the Employer’s Requirements.

**Local or Public Authority:** a body that is a ‘contracting authority’ as defined by the PC Regulations. **Named Sub-Contractor:** see **Supplemental Provision 1**.

**Non-Completion Notice:** see **clause 2.28**.

**Notice of Completion of Making Good:** see **clause 2.36**.

**P&T Rights:** the rights in favour of a Purchaser or Tenant to be granted by the Contractor as third party rights under **Part 1 of Schedule 5** or by JCT collateral warranty CWa/P&T or those to be granted by sub-contractors in accordance with the Rights Particulars.

**Parties:** the Employer and the Contractor together.

**Party:** either the Employer or the Contractor.

**Pay Less Notice:** see **clauses 4.9.5** and **4.10.1**.

**Payment Notice:** see **clause 4.7.5**.

**PC Regulations:** the Public Contracts Regulations 2015.

**Practical Completion Statement:** see **clause 2.27**.

**Pre-agreed Adjustment:** see **clause 2.23.2**.

**Principal Contractor:** the Contractor or other contractor named in **Article 6** or any successor appointed by the Employer.

**Principal Designer:** the Contractor or other person named in **Article 5** or any successor appointed

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by the Employer.

**Provisional Sum:** a provisional sum for work included in the Employer’s Requirements.

**Public Holiday:** Christmas Day, Good Friday or a day which under the Banking and Financial Dealings Act 1971 is a bank holiday.**[24]**

**Purchaser:** any person named or otherwise sufficiently identified as such (whether by class or description) in or by the Rights Particulars to whom the Employer transfers or agrees to transfer his interest in all or part of the Works.

**Recitals:** the recitals in the **Agreement**.

**Rectification Period:** the period stated as such period in the **Contract Particulars** (against the reference to **clause 2.35**) in relation to the Works or (where applicable) a Section.

**Relevant Date:** see **clause 2.30**.

**Relevant Event:** see **clause 2.26**.

**Relevant Matter:** see **clause 4.21**.

**Relevant Omission:** see **clause 2.23.3**.

**Relevant Part:** see **clause 2.30**.

**Retention:** see **clauses 4.14** and **4.16** to **4.18**.

**Retention Percentage:** the percentage stated in the **Contract Particulars** (against the reference to **clause 4.18.1**).

**Rights Particulars:** see **clause 7.4** and the **Contract Particulars** for that clause.

**Scheme:** Part 1 of the Schedule to The Scheme for Construction Contracts (England and Wales) Regulations 1998.

**Sections:** (where applicable) the Sections into which the Works have been divided, as referred to in the **Fifth Recital** and the **Contract Particulars**.

**Section Completion Statement:** see **clause 2.27.2**.

**Section Sum:** see **clause 2.34** and the **Contract Particulars**.

**Site Materials:** all unfixed materials and goods delivered to and placed on or adjacent to the Works which are intended for incorporation therein.

**Specified Perils:** see **clause 6.8**.

**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, including Development Control Requirements.

**Statutory Undertaker:** any local authority or statutory undertaker where executing work solely in pursuance of its statutory obligations, including any persons employed, engaged or authorised by it upon or in connection with that work.

**Tenant:** any person named or otherwise sufficiently identified as such (whether by class or description) in or by the Rights Particulars to whom the Employer grants or agrees to grant a leasehold interest in all or part of the Works.

**Terrorism Cover:** see **clause 6.8**.

**Valuation:** a valuation in accordance with the Valuation Rules, pursuant to **clause 5.2**.

**Valuation Rules:** see **clauses 5.4** to **5.7**.

**[24]** Amend as necessary if different Public Holidays are applicable.

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**VAT:** Value Added Tax.

**Works:** the works briefly described in the **First Recital**, as more particularly shown, described or referred to in the Contract Documents, including any changes made to those works in accordance with this Contract.

**Works Insurance Policy:** the Joint Names Policy or policies covering the Works and Site Materials to be effected and maintained under whichever of Insurance Options A, B or C applies under this Contract.

**Interpretation**

**1.2 Reference to clauses etc.**

Unless otherwise stated, a reference in the Agreement or in these Conditions to a clause or Schedule is to that clause in or Schedule to these Conditions and, unless the context otherwise requires, a reference in a Schedule to a paragraph is to that paragraph of that Schedule.

**1.3 Agreement etc. to be read as a whole**

The Agreement and these Conditions are to be read as a whole. Nothing contained in any other Contract Document or any Framework Agreement, irrespective of their terms, shall override or modify the Agreement or these Conditions.

**1.4 Headings, references to persons, legislation etc.**

In the Agreement and these Conditions, unless the context otherwise requires:

1.4.1 the headings, notes and footnotes are included for convenience only and shall not affect the interpretation of this Contract;

1.4.2 the singular includes the plural and vice versa;

1.4.3 a gender includes any other gender;

1.4.4 a reference to a ‘person’ includes any individual, firm, partnership, company and any other body corporate;

1.4.5 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; and

1.4.6 references to documents shall, where there is a BIM Protocol or other protocol relating to the supply of documents or information, be deemed to include information in a form or

medium conforming to that protocol.

**1.5 Reckoning periods of days**

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.

**1.6 Contracts (Rights of Third Parties) Act 1999**

Other than such rights of any Purchasers, Tenants and/or Funder as take effect pursuant to clauses 7.7 and/or 7.8, 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.

**1.7 Notices and other communications**

1.7.1 Any notice or other communication between the Employer (or Employer’s Agent) and the Contractor that is expressly referred to in the Agreement or these Conditions (including,

without limitation, each application, approval, consent, confirmation, counter-notice,

decision, instruction or other notification) shall be in writing.

1.7.2 Subject to clause 1.7.4, each such notice or other communication and any documents to be supplied may or (where so required) shall be sent or transmitted by the means (electronic

or otherwise) and in such format as the Parties have agreed or may from time to time agree

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in writing for the purposes of this Contract.**[25]**

1.7.3 Subject to clauses 1.7.2 and 1.7.4, any notice, communication or document may be given or served by any effective means and shall be duly given or served if delivered by hand or

sent by pre-paid post to:

1.7.3.1 the recipient’s address stated in the Contract Particulars, or to such other

address as the recipient may from time to time notify to the sender; or

1.7.3.2 if no such address is then current, the recipient’s last known principal business

address or (where a body corporate) its registered or principal office.

1.7.4 Any notice expressly required by this Contract to be given in accordance with this clause 1.7.4 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.

1.7.5 If in an emergency any communication is made orally with respect to health and safety, risk of damage to property or insurance matters, written confirmation of it shall be sent as soon

thereafter as is reasonably practicable.

**1.8 Effect of Final Statement**

1.8.1 As from the due date for the final payment specified in clause 4.24.5 and in addition to the effects referred to in clause 4.24.6, the Final Statement or, as the case may be, the

Employer’s Final Statement (‘the relevant statement’) shall, except as provided in clauses

1.8.2 and 4.24.6 (and save in respect of fraud), have effect in any proceedings under or

arising out of or in connection with this Contract (whether by adjudication, arbitration or

legal proceedings) as conclusive evidence that:

1.8.1.1 where and to the extent that any particular quality of any materials or goods or

any particular standard of an item of workmanship was expressly described in

the Employer’s Requirements, or in any instruction issued by the Employer

under these Conditions, to be for his approval, the particular quality or standard

was to his reasonable satisfaction, but the relevant statement shall not be

conclusive evidence that they or any other materials, goods or workmanship

comply with any other requirement or term of this Contract;

1.8.1.2 all and only such extensions of time, if any, as are due under clause 2.25 have

been given; and

1.8.1.3 the reimbursement of direct loss and/or expense, if any, due to the Contractor as

agreed, ascertained or valued in accordance with these Conditions is in final

settlement of all and any claims which the Contractor has or may have arising

out of the occurrence of any Relevant Matters, whether such claim be for breach

of contract, duty of care, statutory duty or otherwise.

1.8.2 The effects of the relevant statement specified in clauses 1.8.1 and 4.24.6 shall in relation to the subject matter of any adjudication, arbitration or other proceedings be suspended

pending the conclusion of such proceedings, and shall thereafter be subject to the terms of

any decision, award or judgment in and any settlement of those proceedings:

1.8.2.1 where those proceedings are commenced before or within 28 days after the date

of issue of the relevant statement; or

1.8.2.2 in the case of an adjudication commenced within the period referred to in clause

1.8.2.1 in which the Adjudicator gives his decision after the date of issue of the

relevant statement, where arbitration or legal proceedings to determine the

dispute or difference in question are commenced within 28 days of the date of

that decision

but not otherwise.

1.8.3 For the purposes of clause 1.8.2 any proceedings shall be treated as concluded if during any period of 12 months commencing on or after the issue of the relevant statement neither

**[25]** In cases where there is no BIM Protocol, the Parties should agree a communications protocol on or before entering into the Contract, or as soon thereafter as is practicable, covering e.g. the medium or format to be used for the Design Submission Procedure (Schedule 1) if not stated in the Employer’s Requirements or Contractor’s Proposals. See the Design and Build Contract Guide.

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Party takes a further step in them.

**1.9 Effect of payments other than payment of Final Statement**

Save as stated in clause 1.8, no payment by the Employer shall of itself be conclusive evidence that any works, any materials or goods or any design to which it relates are in accordance with this Contract.

**1.10 Consents and approvals**

Where consent or approval of either Party is expressly required under these Conditions and is requested, such consent or approval shall not be unreasonably delayed or withheld, except in the case of either Party’s consent under clause 7.1 the giving of which shall be at the sole discretion of the Party from whom it is sought.

**1.11 Applicable law**

This Contract shall be governed by and construed in accordance with the law of England.**[26]**

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

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**Section 2 Carrying out the Works**

**Contractor’s Obligations**

**2.1 General obligations**

2.1.1 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 and

Statutory Requirements and for that purpose shall complete the design for the Works

including the selection of any specifications for the kinds and standards of the materials,

goods and workmanship to be used in the construction of the Works so far as not

described or stated in the Employer’s Requirements or Contractor’s Proposals, and shall

give all notices required by the Statutory Requirements.

2.1.2 The Contractor’s obligation to the Employer to comply with the Statutory Requirements under clause 2.1.1 shall not apply to the extent that the relevant part or parts of the

Employer’s Requirements state specifically that the Employer’s Requirements comply with

the Statutory Requirements.

2.1.3 The Contractor shall pass to the Employer all approvals received by the Contractor in connection with the Statutory Requirements.

2.1.4 The Contractor shall comply with any instruction and be bound by any decision of the Employer issued or made under or pursuant to these Conditions and any such instruction

or decision shall have effect except to the extent that it is varied by the Employer or under

the dispute resolution procedures of this Contract.

**2.2 Materials, goods and workmanship**

2.2.1 All materials and goods for the Works shall, so far as procurable, be of the kinds and standards described in the Employer’s Requirements or, if not there specifically described,

as described in the Contractor’s Proposals or other Contractor’s Design Documents. The

Contractor shall not substitute any materials or goods so described without the Employer’s

consent which, if given, shall not relieve the Contractor of his other obligations.

2.2.2 Workmanship for the Works shall be of the standards described in the Employer’s Requirements or, if not there specifically described, as described in the Contractor’s

Proposals or other Contractor’s Design Documents.

2.2.3 The Contractor shall before carrying out the relevant work and/or ordering the relevant goods or materials provide the Employer with such samples of the standard of

workmanship or the quality of the goods or materials which the Contractor intends to

provide as are specifically referred to in the Employer’s Requirements or in the Contractor’s

Proposals.

2.2.4 The Contractor shall at the Employer’s request provide him with reasonable proof that the materials and goods used comply with this clause 2.2.

2.2.5 The Contractor shall take all reasonable steps to encourage Contractor’s Persons to be registered cardholders under the Construction Skills Certification Scheme (CSCS) or

qualified under an equivalent recognised qualification scheme.

**Possession**

**2.3 Date of Possession – progress**

On the Date of Possession possession of the site or, in the case of a Section, possession of the relevant part of the site shall be given to the Contractor who shall thereupon begin the construction of the Works or Section and regularly and diligently proceed with and complete the same on or before the relevant Completion Date. For Works insurance purposes the Contractor shall retain possession:

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2.3.1 of the site and the Works up to and including the date of issue of the Practical Completion Statement; or

2.3.2 of each Section and the relevant part of the site up to and including the date of issue of the Section Completion Statement for that Section and, in respect of any balance of the site, up

to and including the date of issue of the Practical Completion Statement

and, subject to clause 2.30 and section 8, the Employer shall not be entitled to take possession of any part or parts of the Works or Section until such date.

**2.4 Deferment of possession**

If the Contract Particulars state that clause 2.4 applies in respect of the Works or a Section, the Employer may defer the giving of possession of the site or relevant part of it for a period not exceeding 6 weeks or lesser period stated in the Contract Particulars, calculated from the relevant Date of Possession.

**2.5 Early use by Employer**

2.5.1 Notwithstanding clause 2.3, the Employer may, with the Contractor’s consent, use or occupy the site or the Works or part of them, whether for storage or otherwise, before the

date of issue of the Practical Completion Statement or relevant Section Completion

Statement. Before the Contractor gives his consent to such use or occupation, the Party

responsible for the Works Insurance Policy and/or, where there are Existing Structures, for

any insurance cover relating to them shall notify the insurers and obtain confirmation that

such use or occupation will not prejudice the insurance.

2.5.2 Where Insurance Option A applies and/or the Contractor is to cover his own or any other risks in relation to any Existing Structures and any insurers’ confirmation is conditional on

an additional premium being paid, the Contractor shall notify the Employer of its amount. If

the Employer continues to require such use or occupation, any additional premium shall be

added to the Contract Sum and the Contractor shall if requested produce the receipt for it

to the Employer.

**2.6 Work not forming part of the Contract**

In regard to any work not forming part of this Contract which the Employer requires to be carried out by the Employer himself or by any Employer’s Person:

2.6.1 where the Contract Documents provide the information necessary to enable the Contractor to carry out and complete the Works or each relevant Section in accordance with this

Contract, the Contractor shall permit the execution of such work;

2.6.2 where the Contract Documents do not provide the information referred to in clause 2.6.1, the Employer may with the Contractor’s consent arrange for the execution of that work.

**Supply of Documents, Setting Out etc.**

**2.7 Contract Documents**

2.7.1 The Contract Documents shall remain in the custody of the Employer and shall be available at all reasonable times for inspection by the Contractor.

2.7.2 Immediately after the execution of this Contract the Employer, without charge to the Contractor, shall (unless previously provided or unless the BIM Protocol or other

communications protocol requires otherwise) provide him with one copy, certified on behalf

of the Employer, of the Contract Documents, together with any pre-construction information

required to be provided to the Contractor under regulation 4 of the CDM Regulations.

2.7.3 The Contractor shall keep on the site or accessible there to the Employer’s Agent at all reasonable times copies of the Contract Documents and the Contractor’s Design

Documents.

2.7.4 Neither Party shall divulge or use except for the purposes of this Contract:

2.7.4.1 the Contract Documents and the Contractor’s Design Documents; or

2.7.4.2 any confidential information of the other Party,

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save that the Employer may use in connection with the maintenance, use, repair,

advertisement, letting or sale of the Works any of the documents supplied by the

Contractor.

2.7.5 Where the Employer is a Local or Public Authority or other body of the type mentioned in Supplemental Provision 11, his obligations of confidentiality shall be subject to that

Supplemental Provision.

**2.8 Construction information**

Save for any Contractor’s Design Documents contained in the Contractor’s Proposals, the Contractor shall without charge provide to the Employer copies of the Contractor’s Design Documents as and when necessary from time to time in accordance with the Design Submission Procedure and the Contractor shall not commence any work to which such a document relates before that procedure has been complied with.

**2.9 Site boundaries**

The Employer shall define the boundaries of the site.

**Discrepancies and Divergences**

**2.10 Divergence in Employer’s Requirements and definition of site boundary**

2.10.1 Any divergence between the Employer’s Requirements and the definition of the site boundary as provided under clause 2.9 shall be corrected by an instruction issued by the

Employer and such instruction shall be treated as a Change.

2.10.2 If the Employer or the Contractor becomes aware of any such divergence he shall immediately give the other notice with details.

**2.11 Preparation of Employer’s Requirements**

Subject to clause 2.15, the Contractor shall not be responsible for the contents of the Employer’s Requirements or for verifying the adequacy of any design contained within them.

**2.12 Employer’s Requirements – inadequacy**

2.12.1 If an inadequacy is found in any design in the Employer’s Requirements and the Contractor under clause 2.11 is not responsible for verifying its adequacy, then, if or to the extent that

the inadequacy is not dealt with in the Contractor’s Proposals, the Employer’s

Requirements shall be corrected, altered or modified accordingly.

2.12.2 Subject to clause 2.15, any correction, alteration or modification under clause 2.12.1 shall be treated as a Change.

**2.13 Notice of discrepancies etc.**

If the Contractor becomes aware of any inadequacy as is referred to in clause 2.12 or any other discrepancy or divergence in or between any of the following, namely:

2.13.1 the Employer’s Requirements;

2.13.2 the Contractor’s Proposals and other Contractor’s Design Documents; and

2.13.3 any instruction issued by the Employer under these Conditions;

he shall immediately give notice with appropriate details to the Employer, who shall issue instructions in that regard.

**2.14 Discrepancies in documents**

2.14.1 Where the discrepancy or divergence to be notified under clause 2.13 is within or between the Contractor’s Proposals and/or other Contractor’s Design Documents, the Contractor

shall notify the Employer of his proposed amendment to remove it and (subject to

compliance with Statutory Requirements) the Employer shall decide between the

discrepant items or otherwise may accept the Contractor’s proposed amendment; the

Contractor shall be obliged to comply with the decision or acceptance by the Employer

without cost to the Employer.

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2.14.2 Where the discrepancy is within the Employer’s Requirements (including any Change to them) the Contractor’s Proposals shall prevail (subject to compliance with Statutory

Requirements), without any adjustment of the Contract Sum. Where the Contractor’s

Proposals do not deal with the discrepancy, the Contractor shall notify the Employer of his

proposed amendment to deal with it and the Employer shall either agree the proposed

amendment or decide how the discrepancy is to be dealt with; that agreement or decision

shall be notified to the Contractor and treated as a Change.

**2.15 Divergences from Statutory Requirements**

2.15.1 If the Contractor or Employer becomes aware of a divergence between the Statutory Requirements and

2.15.1.1 the Employer’s Requirements (including any Change); or

2.15.1.2 the Contractor’s Proposals or other Contractor’s Design Documents,

he shall immediately give the other notice specifying the divergence and the Contractor

shall notify the Employer of his proposed amendment for removing it. With the Employer’s

consent, the Contractor shall entirely at his own cost, save as provided in clause 2.15.2,

complete the design and construction of the Works in accordance with the amendment and

the Employer shall note the amendment on the Contract Documents.

2.15.2

2.15.2.1 If after the Base Date there is a change in the Statutory Requirements which

necessitates an alteration or modification to the Works, such alteration or

modification shall be treated as a Change.

2.15.2.2 If any amendment to the Contractor’s Proposals becomes necessary for

conformity with the terms of any permission or approval made by a decision of

the relevant authority after the Base Date for the purposes of Development

Control Requirements, such amendment shall be treated as a Change provided

that such treatment is not precluded in the Employer’s Requirements.**[27]**

2.15.2.3 If any amendment to the part or parts of the Employer’s Requirements to which

clause 2.1.2 refers becomes necessary for conformity with Statutory

Requirements the Employer shall issue an instruction requiring a Change.

**2.16 Emergency compliance with Statutory Requirements**

2.16.1 If in an emergency compliance with the Statutory Requirements necessitates the Contractor supplying materials and/or executing work before receiving the Employer’s

consent under clause 2.15.1, the Contractor shall supply such limited materials and

execute such limited work as are reasonably necessary to secure immediate compliance.

2.16.2 The Contractor shall forthwith notify the Employer of the emergency and the steps that he is taking under clause 2.16.1.

**Design Work – liabilities and limitation**

**2.17 Design Work – liabilities and limitation**

2.17.1 Insofar as his design of the Works is comprised in the Contractor’s Proposals and in what he is to complete in accordance with the Employer’s Requirements and these Conditions

(including any further design that he is required to carry out as a result of a Change), the

Contractor shall in respect of any inadequacy in such design have the same liability to the

Employer, whether under statute or otherwise, as would an architect or other appropriate

professional designer who holds himself out as competent to take on work for such design

and who, acting independently under a separate contract with the Employer, has supplied

such design for or in connection with works to be carried out and completed by a building

contractor who is not the supplier of the design.

2.17.2 Where and to the extent that this Contract involves the Contractor in taking on work for or in connection with the provision of a dwelling or dwellings, the clause 2.17.1 reference to

the Contractor’s liability includes liability under the Defective Premises Act 1972.

**[27]** See the Design and Build Contract Guide.

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2.17.3 Where or to the extent that this Contract does not involve the Contractor in taking on work for or in connection with the provision of a dwelling or dwellings to which that Act applies,

the Contractor’s liability for loss of use, loss of profit or other consequential loss arising in

respect of the liability of the Contractor referred to in clause 2.17.1 shall be limited to the

amount, if any, stated in the Contract Particulars; but such a limitation shall not apply to or

be affected by any liability for liquidated damages under clause 2.29.

**Fees, Royalties and Patent Rights**

**2.18 Fees or charges legally demandable**

The Contractor shall pay all fees or charges (including any rates or taxes) legally demandable under any Statutory Requirement and indemnify the Employer against any liability resulting from any failure to do so. No adjustment shall be made to the Contract Sum in respect of the amount of any such fees or charges (including any rates or taxes other than VAT) unless they are stated by way of a Provisional Sum in the Employer’s Requirements, in which case clause 4.2 shall apply.

**2.19 Patent rights and royalties – Contractor’s indemnity**

Where the carrying out of the Works involves the supply or use of any patented article, process or invention or drawings or models of buildings that are the subject of copyright, other than drawings or models provided by the Employer, all royalties or other sums payable in respect of such supply and use shall be deemed to have been included in the Contract Sum or, where appropriate, the quoted adjustment to that sum, and the Contractor shall indemnify the Employer from and against all claims and proceedings which may be brought or made against the Employer, and all damages, costs and expense to which he may be put, by reason of the Contractor infringing or being held to have infringed any patent rights in relation to any such articles, processes and inventions or infringing or being held to have infringed copyright.

**2.20 Patent rights – Instructions**

2.20.1 Where in order to comply with the Employer’s instructions, it is necessary for the Contractor in carrying out the Works to supply and/or use any patented article, process or invention,

the Contractor shall not be liable in respect of any infringement or alleged infringement of

any patent rights relating to it and all royalties, damages or other sums which the

Contractor may be liable to pay to the persons entitled to such rights shall be added to the

Contract Sum.

2.20.2 If prior to the instructions being carried out the Employer or the Contractor is or becomes aware that such supply or use may infringe any patent rights, he shall promptly notify and

consult the other and the instructions shall not take effect unless confirmed by the

Employer.

**Unfixed Materials and Goods – property, risk etc.**

**2.21 Materials and goods – on site**

Site Materials shall not be removed from storage on or adjacent to the Works except for use on the Works without the Employer’s consent. Where their value has been included in any Interim Payment, they shall upon such payment become the Employer’s property, but, subject to Insurance Option B or C (if applicable), the Contractor shall remain responsible for loss or damage to them.

**2.22 Materials and goods – off site**

Where the value of any Listed Items has in accordance with clause 4.15 been included in any Interim Payment, those items shall become the Employer’s property and thereafter the Contractor shall not, except for use upon the Works, remove or cause or permit them to be moved or removed from the premises where they are. The Contractor shall be responsible for any loss of or damage to them and for the cost of their storage, handling and insurance until they are delivered to and placed on or adjacent to the Works. As from such delivery the provisions of clause 2.21 (except the words "Where their value" to "Employer’s property, but,") shall apply to such items.

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**Adjustment of Completion Date**

**2.23 Related definitions and interpretation**

In clauses 2.24 to 2.26 and, so far as relevant, in the other clauses of these Conditions:

2.23.1 any reference to delay or extension of time includes any further delay or further extension of time;

2.23.2 ‘Pre-agreed Adjustment’ means the fixing of a revised Completion Date for the Works or a Section under Supplemental Provision 2 or by the Confirmed Acceptance of an

Acceleration Quotation;

2.23.3 ‘Relevant Omission’ means the omission of any work or obligation through an instruction for a Change under clause 3.9.

**2.24 Notice by Contractor of delay to progress**

2.24.1 If and whenever it becomes reasonably apparent that the progress of the Works or any Section is being or is likely to be delayed the Contractor shall forthwith give notice to the

Employer of the material circumstances, including the cause or causes of the delay, and

shall identify in the notice any event which in his opinion is a Relevant Event.

2.24.2 In respect of each event identified in the notice the Contractor shall, if practicable in such notice or otherwise in writing as soon as possible thereafter, give particulars of its expected

effects, including an estimate of any expected delay in the completion of the Works or any

Section beyond the relevant Completion Date.

2.24.3 The Contractor shall forthwith notify the Employer of any material change in the estimated delay or in any other particulars and supply such further information as the Employer may

at any time reasonably require.

**2.25 Fixing Completion Date**

2.25.1 If on receiving a notice and particulars under clause 2.24:

2.25.1.1 any of the events which are stated to be a cause of delay is a Relevant Event;

and

2.25.1.2 completion of the Works or of any Section is likely to be delayed thereby beyond

the relevant Completion Date,

then, save where these Conditions expressly provide otherwise, the Employer shall give an

extension of time by fixing such later date as the Completion Date for the Works or Section

as he then estimates to be fair and reasonable.

2.25.2 Whether or not an extension is given, the Employer shall notify the Contractor of his decision in respect of any notice under clause 2.24 as soon as is reasonably practicable

and in any event within 12 weeks of receipt of the required particulars. Where the period

from receipt to the Completion Date is less than 12 weeks, he shall endeavour to do so

prior to the Completion Date.

2.25.3 The Employer shall in his decision state:

2.25.3.1 the extension of time that he has attributed to each Relevant Event; and

2.25.3.2 (in the case of a decision under clause 2.25.4 or 2.25.5) the reduction in time

that he has attributed to each Relevant Omission.

2.25.4 After the first fixing of a later Completion Date in respect of the Works or a Section, either under clause 2.25.1 or by a Pre-agreed Adjustment, but subject to clauses 2.25.6.3 and

2.25.6.4, the Employer may by notice to the Contractor, giving the details referred to in

clause 2.25.3, fix a Completion Date for the Works or that Section earlier than that

previously so fixed if the fixing of such earlier Completion Date is fair and reasonable,

having regard to any Relevant Omissions for which instructions have been issued after the

last occasion on which a new Completion Date was fixed for the Works or for that Section.

2.25.5 After the Completion Date for the Works or for a Section, if this occurs before the date of practical completion, the Employer may, and not later than the expiry of 12 weeks after the

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date of practical completion shall, by notice to the Contractor, giving the details referred to

in clause 2.25.3:

2.25.5.1 fix a Completion Date for the Works or for the Section later than that previously

fixed if it is fair and reasonable having regard to any Relevant Events, whether

on reviewing a previous decision or otherwise and whether or not the Relevant

Event has been specifically notified by the Contractor under clause 2.24.1; or

2.25.5.2 subject to clauses 2.25.6.3 and 2.25.6.4, fix a Completion Date earlier than that

previously fixed if that is fair and reasonable having regard to any instructions for

Relevant Omissions issued after the last occasion on which a new Completion

Date was fixed for the Works or Section; or

2.25.5.3 confirm the Completion Date previously fixed.

2.25.6 Provided always that:

2.25.6.1 the Contractor shall constantly use his best endeavours to prevent delay in the

progress of the Works or any Section, however caused, and to prevent the

completion of the Works or Section being delayed or further delayed beyond the

relevant Completion Date;

2.25.6.2 in the event of any delay the Contractor shall do all that may reasonably be

required to the satisfaction of the Employer to proceed with the Works or

Section;

2.25.6.3 no decision of the Employer under clause 2.25.4 or 2.25.5.2 shall fix a

Completion Date for the Works or any Section earlier than the relevant Date for

Completion; and

2.25.6.4 no decision under clause 2.25.4 or 2.25.5.2 shall alter the length of any Pre

agreed Adjustment except where that adjustment relates to a Change and that

Change is itself the subject of a Relevant Omission.

**2.26 Relevant Events**

The following are the Relevant Events referred to in clauses 2.24 and 2.25:

2.26.1 Changes and any other matters or instructions which under these Conditions are to be treated as, or as requiring, a Change;

2.26.2 Employer’s instructions:

2.26.2.1 under clause 2.13, except for any instructions relating to a discrepancy or

divergence in or between the Contractor’s Proposals and/or other Contractor’s

Design Documents;

2.26.2.2 under clause 3.10 or 3.11; or

2.26.2.3 for the opening up for inspection or testing of any work, materials or goods under

clause 3.12 or 3.13.3 (including making good), unless the inspection or test

shows that the work, materials or goods are not in accordance with this

Contract;

2.26.3 deferment of the giving of possession of the site or any Section under clause 2.4;

2.26.4 compliance with clause 3.15.1 or with the Employer’s instructions under clause 3.15.2;

2.26.5 suspension by the Contractor under clause 4.11 of the performance of any or all of his obligations under this Contract;

2.26.6 any impediment, prevention or default, whether by act or omission, by the Employer or any Employer’s Person, except to the extent caused or contributed to by any default, whether

by act or omission, of the Contractor or any Contractor’s Person;

2.26.7 the carrying out by a Statutory Undertaker of work in pursuance of its statutory obligations in relation to the Works, or the failure to carry out such work;

2.26.8 exceptionally adverse weather conditions;

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2.26.9 loss or damage occasioned by any Specified Peril;

2.26.10 civil commotion or the use or threat of terrorism and/or the activities of the relevant authorities in dealing with such event or threat;

2.26.11 strike, lock-out or local combination of workmen affecting any trade employed upon the Works or engaged in the preparation, manufacture or transportation of any of the goods or

materials required for them or any persons engaged in design work for the Works;

2.26.12 the exercise after the Base Date by the United Kingdom Government or any Local or Public Authority of any statutory power that is not occasioned by a default of the Contractor or any

Contractor’s Person but which directly affects the execution of the Works;

2.26.13 delay in receipt of any necessary permission or approval of any statutory body which the Contractor has taken all practicable steps to avoid or reduce;

2.26.14 force majeure.

**Practical Completion, Lateness and Liquidated Damages**

**2.27 Practical completion**

When practical completion of the Works or a Section is achieved and the Contractor has complied sufficiently with clauses 2.37 and 3.16 in respect of the supply of documents and information, then:

2.27.1 in the case of the Works, the Employer shall forthwith issue a statement to that effect (‘the Practical Completion Statement’);

2.27.2 in the case of a Section, he shall forthwith issue a statement of practical completion of that Section (a ‘Section Completion Statement’);

and practical completion of the Works or the Section shall be deemed for all the purposes of this Contract to have taken place on the date stated in that statement.

**2.28 Non-Completion Notice**

If the Contractor fails to complete the Works or a Section by the relevant Completion Date, the Employer shall issue a notice to that effect (a ‘Non-Completion Notice’). If a new Completion Date is fixed after the issue of such a notice, such fixing shall cancel that notice and the Employer shall where necessary issue a further notice.

**2.29 Payment or allowance of liquidated damages**

2.29.1 Provided:

2.29.1.1 the Employer has issued a Non-Completion Notice for the Works or a Section;

and

2.29.1.2 the Employer has notified the Contractor before the due date for the final

payment under clause 4.24.5 that he may require payment of, or may withhold

or deduct, liquidated damages,

the Employer may, not later than 5 days before the final date for payment of the amount

payable under clause 4.24, give notice to the Contractor in the terms set out in clause

2.29.2.

2.29.2 A notice from the Employer under clause 2.29.1 shall state that for the period between the Completion Date and the date of practical completion of the Works or that Section:

2.29.2.1 he requires the Contractor to pay liquidated damages at the rate stated in the

Contract Particulars, or lesser rate stated in the notice, in which event the

Employer may recover the same as a debt; and/or

2.29.2.2 that he will withhold or deduct liquidated damages at the rate stated in the

Contract Particulars, or at such lesser stated rate, from sums due to the

Contractor.**[28]**

**[28]** In addition to the notice under clause 2.29.2, the Employer, if he intends to withhold or deduct all or any of the liquidated damages payable,

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2.29.3 If the Employer fixes a later Completion Date for the Works or a Section, the Employer shall pay or repay to the Contractor any amounts recovered, allowed or paid under clause

2.29 for the period up to that later Completion Date.

2.29.4 If the Employer in relation to the Works or a Section has notified the Contractor in accordance with clause 2.29.1.2 that he may require payment of, or may withhold or

deduct, liquidated damages, then, unless the Employer states otherwise in writing, clause

2.29.1.2 shall remain satisfied in relation to the Works or Section, notwithstanding the

cancellation of the relevant Non-Completion Notice and issue of any further Non

Completion Notice.

**Partial Possession by Employer**

**2.30 Contractor’s consent**

If at any time or times before the Practical Completion Statement or relevant Section Completion Statement the Employer wishes to take possession of any part or parts of the Works or a Section and the Contractor’s consent has been obtained, then, notwithstanding anything expressed or implied elsewhere in this Contract, the Employer may take possession of such part or parts. The Contractor shall thereupon give the Employer notice identifying the part or parts taken into possession and giving the date when the Employer took possession (‘the Relevant Part’ and ‘the Relevant Date’ respectively).

**2.31 Practical completion date**

For the purposes of clauses 2.35 and 4.18.2, practical completion of the Relevant Part shall be deemed to have occurred, and the Rectification Period in respect of the Relevant Part shall be deemed to have commenced, on the Relevant Date.

**2.32 Defects etc. – Relevant Part**

When any defects, shrinkages or other faults in the Relevant Part which the Employer has required to be made good under clause 2.35 have been made good, he shall issue a notice to that effect.

**2.33 Insurance – Relevant Part**

As from the Relevant Date the Works insurance obligation under Insurance Option A, B or C.2, whichever applies, shall cease in respect of the Relevant Part (but not otherwise) and the Existing Structures (if any) shall from that date be deemed to include the Relevant Part.

**2.34 Liquidated damages – Relevant Part**

As from the Relevant Date, the rate of liquidated damages stated in the Contract Particulars in respect of the Works or Section containing the Relevant Part shall reduce by the same proportion as the value of the Relevant Part bears to the Contract Sum or to the relevant Section Sum, as shown in the Contract Particulars.

**Defects**

**2.35 Schedules of defects and instructions**

If any defects, shrinkages or other faults in the Works or a Section appear within the relevant Rectification Period due to any failure of the Contractor to comply with his obligations under this Contract:

2.35.1 such defects, shrinkages and other faults shall be specified by the Employer in a schedule of defects which he shall deliver to the Contractor as an instruction not later than 14 days

after the expiry of that Rectification Period; and

2.35.2 prior to issue of that schedule, the Employer may whenever he considers it necessary issue instructions requiring any such defect, shrinkage or other fault to be made good,

provided no instructions under this clause 2.35.2 shall be issued after delivery of that

schedule or more than 14 days after the expiry of the relevant Rectification Period.

Within a reasonable time after receipt of such schedule or instructions, the defects, shrinkages and must give the appropriate Pay Less Notice under clause 4.9.5.

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other faults shall at no cost to the Employer be made good by the Contractor unless the Employer shall otherwise instruct. If he so instructs otherwise, an appropriate deduction may be made from the Contract Sum in respect of the defects, shrinkages or other faults not made good.

**2.36 Notice of Completion of Making Good**

When the defects, shrinkages or other faults in the Works or a Section which under clause 2.35 the Employer has required to be made good have been made good, he shall issue a notice to that effect (a ‘Notice of Completion of Making Good’). That notice shall not be unreasonably delayed or withheld, and completion of that making good shall for the purposes of this Contract be deemed to have taken place on the date stated in that notice.

**Contractor’s Design Documents**

**2.37 As-built Drawings**

The Contractor, in addition to his obligations under the CDM Regulations in relation to information for the health and safety file, shall, before practical completion of the Works or relevant Section and without further charge to the Employer, supply for retention and use by the Employer such Contractor’s Design Documents and related information as is specified in the Contract Documents or as the Employer may reasonably require that show or describe the Works as built or relate to the maintenance and operation of them or their installations.

**2.38 Copyright and use**

2.38.1 Subject to any rights in any designs, drawings and other documents supplied to the Contractor for the purposes of this Contract by or on behalf of the Employer, all rights

including (without limitation) copyright in all Contractor’s Design Documents shall remain

vested in the Contractor.

2.38.2 Subject to all sums due and payable under this Contract to the Contractor having been paid, the Employer shall have an irrevocable, royalty-free, non-exclusive licence to copy

and use the Contractor’s Design Documents and to reproduce the designs and content of

them for any purpose relating to the Works including, without limitation, the construction,

completion, maintenance, letting, sale, promotion, advertisement, reinstatement,

refurbishment and repair of the Works. That licence shall enable the Employer to copy and

use the Contractor’s Design Documents for an extension of the Works but shall not include

any right or licence to reproduce the designs contained in them for any such extension.

2.38.3 The licence shall be assignable to any owner from time to time of the Works or any part of them and may be sub-licensed to any owner or tenant of the Works or part of them and to

any person engaged for the purposes permitted by clause 2.38.2.

2.38.4 The Contractor shall not be liable for any use by the Employer of any of the Contractor’s Design Documents for any purpose other than that for which they were prepared.

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**Section 3 Control of the Works**

**Access and Representatives**

**3.1 Access for Employer’s Agent**

The Employer’s Agent and any person authorised by him or the Employer shall at all reasonable times have access to the Works and to the workshops or other premises of the Contractor where work is being prepared for this Contract. When work is to be prepared in workshops or other premises of a sub-contractor the Contractor shall by a term in the sub-contract secure so far as possible a similar right of access to those workshops or premises for the Employer and any person authorised by him and take any steps reasonably necessary to make that right effective. Access under this clause 3.1 may be subject to such reasonable restrictions as are necessary to protect proprietary rights.

**3.2 Site Manager**

The Contractor shall prior to the commencement of work on site appoint a full-time Site Manager, approved by the Employer, to act as the Contractor’s representative there, in charge of the Works. The Contractor shall ensure that the appointee, or a competent deputy, is on site at all material times and, if the appointee ceases to hold the post, shall promptly appoint a replacement approved by the Employer. Any instructions issued to the Site Manager or his deputy shall be treated as issued to the Contractor.

**Sub-Contracting**

**3.3 Consent to sub-contracting**

3.3.1 Save for any sub-contract entered into in accordance with Supplemental Provision 1, where it applies:

3.3.1.1 the Contractor shall not without the Employer’s consent sub-contract the whole

or any part of the Works;

3.3.1.2 the Contractor shall not without the Employer’s consent sub-contract the design

for the Works or any part of them.

In no case shall any such consent or any sub-contracting in any way affect the Contractor’s

obligations under any other provision of this Contract.

3.3.2 The provisions of this clause 3.3 and of clause 3.4 shall not apply to the execution of part of the Works by a Statutory Undertaker, who shall not in that capacity be a sub-contractor

within the terms of this Contract.

**3.4 Conditions of sub-contracting**

Where considered appropriate, the Contractor shall engage the sub-contractor using the JCT Design and Build Sub-Contract. It shall be a condition of any sub-contract that**[29]**:

3.4.1 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;

3.4.2 the sub-contract shall provide:

3.4.2.1 that, except for use on the Works, no Site Materials delivered to the Works by or

for the sub-contractor shall be removed without the Contractor’s written consent

(such consent not to be unreasonably delayed or withheld) and (in addition to

any provision for earlier vesting in the Contractor of title to any Listed Items for

the purposes of clause 4.15.2.1 of these Conditions) that:

**[29]** The JCT Design and Build Sub-Contract (DBSub) meets the requirements of clause 3.4 and also those of paragraphs A.3 and B.4 respectively of JCT Fluctuations Options A and B.

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3.4.2.1.1 where, in accordance with clause 4.12 or 4.13 and clause 4.14 of

these Conditions, the value of any Site Materials has been included in

any Interim Payment and that Interim Payment has been paid by the

Employer to the Contractor, they shall upon such payment become,

and the sub-contractor shall not deny that they have become, the

Employer’s property;

3.4.2.1.2 if the Contractor pays the sub-contractor for any Site Materials before

their value is included in an Interim Payment, they shall upon such

payment become the Contractor’s property;

3.4.2.2 that the sub-contractor shall give access to workshops or other premises in

accordance with clause 3.1 of these Conditions;

3.4.2.3 that each party to the sub-contract shall in relation to the Works and the site

comply with applicable CDM Regulations;

3.4.2.4 in terms equivalent to those of clause 4.9.6 of these Conditions, that if by a final

date for payment under the sub-contract the Contractor fails to pay the sub

contractor any amount that should properly have been paid, the Contractor shall,

in addition to that amount, pay simple interest on it at the Interest Rate for the

period from the final date for payment until such payment is made;

3.4.2.5 that where the Rights Particulars provide for the grant of third party rights from

and/or for the execution and delivery of collateral warranties by the sub

contractor:

3.4.2.5.1 the sub-contract and, where applicable, those collateral warranties

shall if those particulars require be executed as deeds;

3.4.2.5.2 any third party rights required shall vest on receipt of notice from the

Contractor to that effect and any collateral warranty required shall be

executed and delivered by the sub-contractor within 14 days of

receipt of the Contractor’s notice requiring execution;

3.4.2.5.3 the terms of and those governing such third party rights or collateral

warranties shall in each case be consistent with those of clauses 2.26

and 2.27 and Schedule 6 of the JCT Design and Build Sub-Contract

Conditions;

3.4.3 where documents or information and/or the grant of licences are or may be required from the sub-contractor for the BIM Protocol, where applicable, and/or for the purposes of

clauses 2.37 and 3.16 of these Conditions, the sub-contract shall also provide for the

supply and grant to and by the sub-contractor of all information and licences reasonably

necessary for that purpose.

The Contractor shall not give such consent as is referred to in clause 3.4.2.1 without the Employer’s prior consent under clause 2.21 of these Conditions.

**Employer’s Instructions**

**3.5 Compliance with instructions**

The Contractor shall forthwith comply with all instructions issued to him by the Employer on any matter on which these Conditions expressly empower the Employer to issue instructions, save that:

3.5.1 where an instruction requires a Change of the type referred to in clause 5.1.2, the Contractor need not comply to the extent that he notifies a reasonable objection to it to the

Employer;

3.5.2 in the case of a notification by the Contractor under clause 2.20.2, the Contractor need not comply pending confirmation of the instruction.

**3.6 Non-compliance with instructions**

Subject to clauses 3.5 and 3.9, if within 7 days after receipt of a notice from the Employer requiring compliance with an instruction the Contractor does not comply, the Employer may employ and pay other persons to execute work of any kind that may be necessary to give effect to that instruction. The

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Contractor shall be liable for all additional costs incurred by the Employer in connection with such employment and an appropriate deduction may be made from the Contract Sum.

**3.7 Instructions other than in writing**

3.7.1 Where the Employer gives an instruction otherwise than in writing, it shall be of no immediate effect but the Contractor shall confirm its terms in writing to the Employer within

7 days, and, if he does not dissent by notice to the Contractor within 7 days from receipt of

the Contractor’s confirmation, it shall take effect as from the expiry of the latter 7 day

period.

3.7.2 If prior to or within 7 days from receipt of the Contractor’s confirmation the Employer confirms the terms of the instruction in writing, it shall take effect from the date and in the

terms of the Employer’s confirmation.

3.7.3 If neither the Contractor nor the Employer confirms such an instruction in the manner and time stated but the Contractor nevertheless complies with it, the Employer may at any time

prior to the due date for the final payment under clause 4.24.5 confirm it with retrospective

effect.

**3.8 Provisions empowering instructions**

On receipt of an instruction the Contractor may request the Employer to notify him which provision of these Conditions empowers its issue and the Employer shall forthwith comply with the request. If the Contractor thereafter complies with that instruction with neither Party then having invoked any dispute resolution procedure under this Contract to establish the Employer’s powers in that regard, the instruction shall be deemed to have been duly given under the specified provision.

**3.9 Instructions requiring Changes**

3.9.1 The Employer may issue instructions requiring a Change, subject to clause 3.9.4 and provided that the Employer may not effect a Change which is, or which makes necessary,

an alteration or modification in the design of the Works without the Contractor’s consent.

3.9.2 Any instruction of the type referred to in clause 5.1.2 shall be subject to the Contractor’s right of reasonable objection set out in clause 3.5.1.

3.9.3 No Change required or sanctioned by the Employer shall vitiate this Contract.

3.9.4 The Contractor shall, within a reasonable time after receipt of an instruction effecting a Change or of an instruction in regard to the expenditure of a Provisional Sum included in

the Employer’s Requirements, notify the Employer whether in his capacity as Principal

Designer and/or Principal Contractor he has any objection to such instruction. If the

Contractor has any reasonable objection the Employer shall, to the reasonable satisfaction

of the Contractor, vary the terms of the instruction so as to remove that objection; and, until

the Employer has so varied the terms of the instruction, the Contractor shall not be required

pursuant to clause 2.1 to comply with such instruction.

**3.10 Postponement of work**

The Employer may issue instructions in regard to the postponement of any work to be executed under this Contract.

**3.11 Instructions on Provisional Sums**

The Employer shall issue instructions in regard to the expenditure of Provisional Sums included in the Employer’s Requirements.

**3.12 Inspection – tests**

The Employer may issue instructions requiring the Contractor to open up for inspection any work covered up or to arrange for or carry out any test of any materials or goods (whether or not already incorporated in the Works) or of any executed work. The cost of that opening up or testing (including the cost of making good) shall be added to the Contract Sum unless provided for in the Employer’s Requirements or in the Contractor’s Proposals or unless the inspection or test shows that the materials, goods or work are not in accordance with this Contract.

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**3.13 Work not in accordance with the Contract**

If any work, materials or goods are not in accordance with this Contract the Employer, in addition to his other powers, may:

3.13.1 issue instructions in regard to the removal from the site of all or any of such work, materials or goods;

3.13.2 after consultation with the Contractor, issue such Change instructions (to which the proviso in clause 3.9.1 applies) as are a reasonably necessary consequence of any instruction

under clause 3.13.1 (but to the extent that such instructions are reasonably necessary, no

addition shall be made to the Contract Sum and no extension of time shall be given);

and/or

3.13.3 having due regard to the Code of Practice set out in Schedule 4, issue such instructions under clause 3.12 to open up for inspection or to test as are reasonable in all the

circumstances to establish to his reasonable satisfaction the likelihood or extent, as

appropriate to the circumstances, of any further similar non-compliance. To the extent that

those instructions are reasonable, whatever the results of the opening up, no addition shall

be made to the Contract Sum but clauses 2.25 and 2.26.2.3 shall apply unless the

inspection or test shows that the work, materials or goods are not in accordance with this

Contract.

**3.14 Workmanship not in accordance with the Contract**

Where there is any failure to comply with clause 2.1 in regard to the carrying out of work in a proper and workmanlike manner or in accordance with the Construction Phase Plan, the Employer, in addition to his other powers, may, after consultation with the Contractor, issue such instructions (whether requiring a Change or otherwise) as are in consequence reasonably necessary. To the extent that such instructions are reasonably necessary, no addition shall be made to the Contract Sum and no extension of time shall be given.

**3.15 Antiquities**

3.15.1 All fossils, antiquities and other objects of interest or value which may be found on the site or in excavating it during the progress of the Works shall become the Employer’s property.

Upon discovery of any such object the Contractor shall forthwith:

3.15.1.1 use his best endeavours not to disturb the object and cease work if and insofar

as its continuance would endanger the object or prevent or impede its

excavation or removal;

3.15.1.2 take all steps necessary to preserve the object in the exact position and

condition in which it was found; and

3.15.1.3 inform the Employer of its discovery and precise location.

3.15.2 The Employer shall issue instructions as to action to be taken concerning any object reported under clause 3.15.1, which (without limiting his powers) may require the

Contractor to permit the examination, excavation or removal of the object by a third party.

**CDM Regulations**

**3.16 CDM Regulations**

Each Party undertakes to the other that in relation to the Works and site he will duly comply with applicable CDM Regulations. In particular but without limitation:

3.16.1 where the Contractor is not the Principal Designer, the Employer shall ensure that the Principal Designer carries out his duties and, where the Contractor is not the Principal

Contractor, shall ensure that the Principal Contractor carries out his duties under those

regulations;

3.16.2 where the Contractor is and while he remains the Principal Designer, he shall comply with the duties of a Principal Designer and shall without charge prepare, and deliver to the

Employer, the health and safety file;

3.16.3 the Contractor shall comply with regulations 8 to 10 and 15 and, where he is the Principal

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Contractor, with regulations 12 to 14;**[30]**

3.16.4 whether or not the Contractor is the Principal Contractor, compliance by the Contractor with his duties under the regulations, including any such directions as are referred to in

regulation 15(3), shall be at no cost to the Employer and shall not entitle the Contractor to

an extension of time;

3.16.5 if the Employer appoints a replacement for the Principal Designer or Principal Contractor, the Employer shall immediately upon that appointment notify the Contractor with details of

the new appointee.

**[30]** Where the Employer is a domestic client, as defined in regulation 2, the Principal Contractor may also be responsible for carrying out certain of the client’s duties under regulations 4, 6 and 8. (As to the CDM Regulations generally, see the Design and Build Contract Guide.)

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**Section 4 Payment**

**Contract Sum and Adjustments**

**4.1 Adjustment only under the Conditions**

The Contract Sum shall not be adjusted or altered in any way other than in accordance with the express provisions of these Conditions.

**4.2 Items included in adjustments**

The Contract Sum shall be adjusted by:

4.2.1 any amount agreed by the Employer and the Contractor in respect of Changes and other work of the types referred to in clause 5.2 and the amount of each Valuation;

4.2.2 any amount agreed by Confirmed Acceptance of an Acceleration Quotation;

4.2.3 (where the Contract Particulars state that a Fluctuations Provision applies) any amounts payable or allowable under that provision;

4.2.4 any other amounts referred to in clause 4.12.2 or 4.13.2 (excluding any loss and/or expense to the extent included under clause 4.2.2) and any other deductions referred to in

clause 4.12.3 or 4.13.3;

4.2.5 the deduction of all Provisional Sums included in the Employer’s Requirements; and

4.2.6 any other amount which under this Contract is to be added to the Contract Sum or may be deducted from it.

**4.3 Taking adjustments into account**

Where these Conditions provide that an amount is to be added to, deducted from or dealt with by adjustment of the Contract Sum, then, as soon as the amount is ascertained in whole or in part, the ascertained amount shall be taken into account in the next Interim Payment.

**Taxes**

**4.4 VAT**

4.4.1 The Contract Sum is exclusive of VAT and in relation to each payment to the Contractor under this Contract, the Employer shall in addition pay the amount of any VAT properly

chargeable in respect of it.

4.4.2 If after the Base Date the supply of any goods or services to the Employer becomes exempt from VAT there shall be paid to the Contractor an amount equal to the input tax on

the supply to the Contractor of goods and services that contribute to the Works which as a

consequence of that exemption the Contractor cannot recover.

**4.5 Construction Industry Scheme (CIS)**

If the Employer is or at any time up to the final payment under clause 4.9 becomes a ‘contractor’ for the purposes of the CIS**[31]**, his obligation to make any payment under this Contract is subject to the provisions of the CIS.

**[31]** See the Contract Particulars (Fourth Recital and clause 4.5).

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**Payments and Notices – general provisions**

**4.6 Not applicable**

**4.7 Interim Payments – Contractor’s Interim Payment Applications, due dates and Payment Notices**

4.7.1 Interim Payments shall be made by the Employer to the Contractor in accordance with section 4 and whichever of Alternative A (Stage Payments) or Alternative B (Periodic

Payments) is stated in the Contract Particulars to apply.

4.7.2 During the period up to the due date for the final payment fixed under clause 4.24.5 and subject to clause 4.7.3, the monthly due dates for Interim Payments by the Employer shall

in each case be the date 7 days after the relevant Interim Valuation Date.

4.7.3 In relation to each Interim Payment, the Contractor shall make an application to the Employer (an ‘Interim Payment Application’), stating the sum that the Contractor considers

to be due to him at the due date and the basis on which that sum has been calculated.

Where the Interim Payment Application is received no later than the relevant Interim

Valuation Date, the due date shall be the date that would apply under clause 4.7.2; if the

Interim Payment Application is received later, the due date shall be 7 days after the date of

receipt by the Employer.

4.7.4 Each Interim Payment Application shall be accompanied by such further information as may be specified in the Employer’s Requirements.

4.7.5 Not later than 5 days after each due date the Employer shall give a notice (a ‘Payment Notice’) to the Contractor, stating the sum that he considers to be or have been due to the

Contractor at the due date, calculated in accordance with clause 4.12 or 4.13 and clause

4.14, and the basis on which that sum has been calculated.

**4.8 Relevant statement and Final Payment Notice**

Not later than 5 days after the due date for the final payment fixed under clause 4.24.5 and notwithstanding any dispute regarding the relevant statement (as defined in clause 4.24.5.3), the Party by whom the statement shows the final payment as payable (‘the paying Party’) shall give a notice (a ‘Final Payment Notice’) to the other Party, stating the sum that the paying Party considers to be or have been due under clause 4.24.2 at the due date and the basis on which that sum has been calculated.

**4.9 Interim and final payments – final date and amount**

4.9.1 The final date for payment of each Interim Payment and the final payment shall be 14 days from its due date.

4.9.2 Subject to any Pay Less Notice given by the Employer under clause 4.9.5, the Employer shall pay the sum stated as due in the Payment Notice on or before the final date for

payment.

4.9.3 If a Payment Notice is not given in accordance with clause 4.7.5, the Employer shall, subject to any Pay Less Notice under clause 4.9.5, pay the Contractor the sum stated as

due in the Interim Payment Application.

4.9.4 In the case of the final payment, subject to any Pay Less Notice under clause 4.9.5, the paying Party shall pay the sum stated as due in the Final Payment Notice or, if such notice

is not given, the balance stated in the relevant statement on or before the final date for

payment.

4.9.5 Where:

4.9.5.1 the Employer intends to pay less than the sum stated as due from him in a

Payment Notice or Interim Payment Application; or

4.9.5.2 the paying Party intends to pay less than the sum so stated as due in the Final

Payment Notice or, in default of such notice, less than the amount stated as due

in the relevant statement,

the Party by whom the payment is stated to be payable shall not later than 5 days before

the final date for payment give the other Party notice of that intention in accordance with

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clause 4.10.1 (a ‘Pay Less Notice’). Where a Pay Less Notice is given, the payment to be

made on or before the final date for payment shall not be less than the amount stated in it

as due.

4.9.6 If either Party fails to pay a sum, or any part of it, due to the other Party under these Conditions by its final date for 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.

4.9.7 Any such unpaid amount and any interest under clause 4.9.6 shall be recoverable as a debt. Acceptance of a payment of interest shall not in any circumstances be construed as a

waiver either of the recipient’s right to proper payment of the principal amount due or of the

Contractor’s rights to suspend performance under clause 4.11 or terminate his employment

under section 8.

**4.10 Pay Less Notices and other general provisions**

4.10.1 A Pay Less Notice given by either Party shall specify the sum he considers to be due to the other Party at the date the notice is given and the basis on which that sum has been

calculated.

4.10.2 A Payment Notice, a Final Payment Notice or a Pay Less Notice to be given by the Employer may be given on his behalf by the Employer’s Agent or by any other person who

the Employer notifies the Contractor as being authorised to do so.

4.10.3 In relation to the requirements for the giving of Payment Notices, the Final Payment Notice, Pay Less Notices and the submission of a Final Statement, it is immaterial that the amount

then considered to be due may be zero.

4.10.4 The Employer’s fiduciary interest in the Retention referred to in clause 4.16 shall not prevent him exercising any right under this Contract to withhold or deduct from a sum due

to the Contractor, subject to clause 4.9.5, even if that sum includes any Retention due for

release under clause 4.18.

**4.11 Contractor’s right of suspension**

4.11.1 If the Employer fails to pay a sum payable to the Contractor in accordance with clause 4.9 (together with any VAT properly chargeable in respect of that payment) by the final date for

payment and the failure continues for 7 days after the Contractor has given notice to the

Employer of his intention to suspend the performance of his obligations under this Contract

and the grounds for such suspension, the Contractor, without affecting his other rights and

remedies, may suspend performance of any or all of his obligations until payment is made

in full.

4.11.2 Where the Contractor exercises his right of suspension under clause 4.11.1, he shall be entitled to a reasonable amount in respect of costs and expenses reasonably incurred by

him as a result of exercising the right.

4.11.3 Applications in respect of any such costs and expenses shall be made to the Employer and the Contractor shall with his application or on request submit such details of them as are

reasonably necessary for ascertaining the amount in question.

**Interim Payments – calculation of sums due**

**4.12 Gross Valuation – Alternative A**

The Gross Valuation for each Interim Payment shall be the total of the amounts referred to in clauses 4.12.1 and 4.12.2, less the deductions referred to in clause 4.12.3, each calculated as at the Interim Valuation Date:

4.12.1 the total of the following, which are subject to Retention:

4.12.1.1 the cumulative value of stages completed;

4.12.1.2 the value of any Changes or other work referred to in clause 5.2 that are

relevant to the Interim Payment (whether agreed pursuant to clause 5.2 or

valued under the Valuation Rules) but excluding any amounts referred to in

clause 4.12.2.4;

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4.12.1.3 the value of any Listed Items for which the conditions set out in clause 4.15 are

satisfied; and

4.12.1.4 where JCT Fluctuations Option C is applicable and where in accordance with the

Formula Rules amounts in the Value of Work are to be allocated to lift

installations, structural steelwork installations or catering equipment installations,

the total value of Site Materials of those descriptions, provided that their value

shall only be included if they are adequately protected against weather and other

casualties and they are not on the Works prematurely;

those values shall be adjusted, where appropriate, in accordance with any applicable

Fluctuations Provision or any Acceleration Quotation for which there has been Confirmed

Acceptance;

4.12.2 the total of the following, which are not subject to Retention:

4.12.2.1 any amounts to be included in accordance with clause 4.3 by the Employer as a

result of payments made or costs incurred by the Contractor under clause 2.5.2,

2.20, 3.12, 6.10.2 or 6.10.3, 6.11.3, 6.12.2 or 6.20;

4.12.2.2 any amounts payable under clause 4.11.2;

4.12.2.3 the amount of any loss and/or expense to which the Contractor is entitled under

clause 4.19.1 or by a Confirmed Acceptance;

4.12.2.4 where Insurance Option B or C applies or to the extent that the work is under

clause 6.13.5.3 to be treated as a Change, any amounts in respect of

reinstatement work under clause 6.13.4; and

4.12.2.5 any amount payable to the Contractor under any applicable Fluctuations

Provision, other than by means of an adjustment made under clause 4.12.1;

4.12.3 the following deductions:

4.12.3.1 any amounts deductible under clause 2.35, 3.6, 6.12.2 or 6.19.2; and

4.12.3.2 any amount allowable by the Contractor under clause 6.10.2 or under any

applicable Fluctuations Provision, other than by means of an adjustment made

under clause 4.12.1.

**4.13 Gross Valuation – Alternative B**

The Gross Valuation for each Interim Payment shall be the total of the amounts referred to in clauses 4.13.1 and 4.13.2, less the deductions referred to in clause 4.13.3, each calculated as at the Interim Valuation Date:

4.13.1 the total values of the following, which are subject to Retention:

4.13.1.1 work properly executed including any design work carried out by the Contractor

and work so executed for which a value has been agreed pursuant to clause 5.2

or which has been valued under the Valuation Rules, but excluding any amounts

referred to in clause 4.13.2.4;

4.13.1.2 Site Materials provided they are adequately protected against weather and other

casualties and they are not on the Works prematurely; and

4.13.1.3 Listed Items (if any) for which the conditions set out in clause 4.15 are satisfied;

those values shall be adjusted, where appropriate, in accordance with any applicable

Fluctuations Provision or any Acceleration Quotation for which there has been Confirmed

Acceptance;

4.13.2 the total of the following, which are not subject to Retention:

4.13.2.1 any amounts to be included in accordance with clause 4.3 by the Employer as a

result of payments made or costs incurred by the Contractor under clause 2.5.2,

2.20, 3.12, 6.10.2 or 6.10.3, 6.11.3, 6.12.2 or 6.20;

4.13.2.2 any amounts payable under clause 4.11.2;

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4.13.2.3 the amount of any loss and/or expense to which the Contractor is entitled under

clause 4.19.1 or by a Confirmed Acceptance;

4.13.2.4 where Insurance Option B or C applies or to the extent that the work is under

clause 6.13.5.3 to be treated as a Change, any amounts in respect of

reinstatement work under clause 6.13.4; and

4.13.2.5 any amount payable to the Contractor under any applicable Fluctuations

Provision, other than by means of an adjustment made under clause 4.13.1;

4.13.3 the following deductions:

4.13.3.1 any amounts deductible under clause 2.35, 3.6, 6.12.2 or 6.19.2; and

4.13.3.2 any amount allowable by the Contractor under clause 6.10.2 or under any

applicable Fluctuations Provision, other than by means of an adjustment made

under clause 4.13.1.

**4.14 Sums due as Interim Payments**

The sum due as an Interim Payment shall in each case be an amount equal to the Gross Valuation under clause 4.12 where the Contract Particulars state that Alternative A applies, or clause 4.13 where Alternative B applies, in either case less the following deductions:

4.14.1 any amount which may be deducted and retained by the Employer under clauses 4.16 to 4.18 (‘the Retention’);

4.14.2 the cumulative total of the amounts of any advance payment that have then become due for reimbursement to the Employer in accordance with the terms stated in the Contract

Particulars for clause 4.6; and

4.14.3 the amounts paid in previous Interim Payments.

**Listed Items**

**4.15 Listed Items**

The conditions for inclusion of the value of a Listed Item in the Gross Valuation before its delivery to or adjacent to the Works as referred to in clause 4.12.1.3 or 4.13.1.3 are:

4.15.1 the Listed Item is in accordance with this Contract;

4.15.2 the Contractor has provided the Employer with reasonable proof that:

4.15.2.1 property in the Listed Item is vested in the Contractor; and

4.15.2.2 the Listed Item is and will remain insured against loss or damage for its full value

under a policy of insurance protecting the interests of the Employer and the

Contractor in respect of the Specified Perils until delivered to, or adjacent to, the

Works;

4.15.3 at the premises where the Listed Item is situated pending delivery, there is in relation to that item clear identification of:

4.15.3.1 the Employer as the person to whose order it is held; and

4.15.3.2 the Works as its destination,

each item being either set apart or clearly and visibly marked, individually or as a set, by

letters, figures or a pre-determined code; and

4.15.4 for uniquely identified Listed Items, the Contractor, if it is stated in the Contract Particulars as required, has provided a bond in favour of the Employer from a surety approved by the

Employer in the terms set out in Part 2 of Schedule 6**[32]** (‘the required bond’) in the amount

specified in the Contract Particulars for this clause 4.15.4; or

**[32]** As to approval of sureties, see the Design and Build Contract Guide.

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4.15.5 for Listed Items that are not uniquely identified, the Contractor has provided the required bond in the amount specified in the Contract Particulars or this clause 4.15.5.

**Retention**

**4.16 Rules on treatment of Retention**

The Retention which the Employer may deduct and retain as referred to in clause 4.14 shall be subject to the following rules:

4.16.1 the Employer’s interest in the Retention is fiduciary as trustee for the Contractor (but without obligation to invest);

4.16.2 except where the Employer is a Local or Public Authority, the Employer, to the extent that he exercises his right under clause 4.18 and if the Contractor so requests, shall at the time

of each Interim Payment place the Retention in a separate bank account (so designated as

to identify the amount as the Retention held by the Employer on trust as provided in clause

4.16.1) and notify the Contractor that the amount has been so placed. The Employer shall

be entitled to the full beneficial interest in any interest accruing on the separate bank

account and under no duty to account for any such interest to the Contractor.

**4.17 Not applicable**

**4.18 Retention – amounts and periods**

During the period prior to issue of the Notice of Completion of Making Good (or last such notice) the Retention which may be deducted and retained by the Employer shall be the following percentages of the total amount (or proportion of that amount) included in the Gross Valuation for any Interim Payment under clause 4.12.1 or 4.13.1, whichever is applicable, for work and (where applicable) Site Materials and Listed Items**[33]**:

4.18.1 the Retention Percentage may be deducted from the total amount where the Works have not reached practical completion or (where there are Sections) from that proportion of the

total amount that relates to uncompleted Sections (in either case excluding from the total

amount any proportion of it attributable to a Relevant Part);

4.18.2 half the Retention Percentage may be deducted:

4.18.2.1 from the total amount where the Works as a whole have reached practical

completion but the Notice of Completion of Making Good has not been issued;

or

4.18.2.2 from the proportion of the total amount that relates to each Section that has

reached practical completion but for which such a notice has not been issued or

relates to a Relevant Part for which a notice has not been issued under clause

2.32.

**Loss and Expense**

**4.19 Matters materially affecting regular progress**

4.19.1 If in the execution of this Contract the Contractor incurs or is likely to incur any direct loss and/or expense as a result of any deferment of giving possession of the site or part of it

under clause 2.4 or because regular progress of the Works or any part of them has been or

is likely to be materially affected by any Relevant Matter, he shall, subject to clause 4.19.2

and compliance with the provisions of clause 4.20 be entitled to reimbursement of that loss

and/or expense.

4.19.2 No such entitlement arises where these Conditions provide that there shall be no addition to the Contract Sum or otherwise exclude the operation of this clause 4.19 or to the extent

that the Contractor is reimbursed for such loss and/or expense under another provision of

these Conditions.

**[33]** For the effect of clause 4.18.2, see the Design and Build Contract Guide.

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**4.20 Notification and ascertainment**

4.20.1 The Contractor shall notify the Employer as soon as the likely effect of a Relevant Matter on regular progress or the likely nature and extent of any loss and/or expense arising from

a deferment of possession becomes (or should have become) reasonably apparent to him.

4.20.2 That notification shall be accompanied or, as soon as reasonably practicable, followed by the Contractor’s initial assessment of the loss and/or expense incurred and any further

amounts likely to be incurred, together with such information as is reasonably necessary to

enable the Employer to ascertain the loss and/or expense incurred.

4.20.3 The Contractor shall thereafter, in such form and manner as the Employer may reasonably require, update that assessment and information at monthly intervals until all information

reasonably necessary to allow ascertainment of the total amount of such loss and expense

has been supplied.

4.20.4 Within 28 days of receipt of the initial assessment and information and 14 days of each subsequent update of them the Employer shall notify the Contractor of the ascertained

amount of the loss and/or expense incurred, each ascertainment being made by reference

to the information supplied by the Contractor and in sufficient detail to enable the

Contractor to identify differences between it and the Contractor’s assessment.

**4.21 Relevant Matters**

The following are the Relevant Matters:

4.21.1 Changes and any other matters or instructions which under these Conditions are to be treated as a Change;

4.21.2 Employer’s instructions:

4.21.2.1 under clause 3.10 or 3.11; or

4.21.2.2 for the opening up for inspection or testing of any work, materials or goods under

clause 3.12 (including making good), unless the inspection or test shows that the

work, materials or goods are not in accordance with this Contract;

4.21.3 compliance with clause 3.15.1 or with Employer’s instructions under clause 3.15.2;

4.21.4 delay in receipt of any permission or approval for the purposes of Development Control Requirements necessary for the Works to be carried out or proceed, which delay the

Contractor has taken all practicable steps to avoid or reduce;

4.21.5 any impediment, prevention or default, whether by act or omission, by the Employer or any Employer’s Person, except to the extent caused or contributed to by any default, whether

by act or omission, of the Contractor or any Contractor’s Person.

**4.22 Amounts ascertained – addition to Contract Sum**

Amounts ascertained under clause 4.20 shall be added to the Contract Sum.

**4.23 Reservation of Contractor’s rights and remedies**

The provisions of clauses 4.19 to 4.22 shall not limit or affect any other rights and remedies of the Contractor.

**Final Statement and Final Payment**

**4.24 Final Statement and Final Payment[34]**

4.24.1 Following practical completion of the Works the Contractor shall submit the Final Statement to the Employer and supply him with such supporting documents as he may reasonably

require.

4.24.2 The Final Statement shall set out the adjustments to the Contract Sum to be made in accordance with clause 4.2 and shall state:

**[34]** The effect of the Final Statement is set out in clause 1.8.

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4.24.2.1 the Contract Sum, as so adjusted; and

4.24.2.2 the sum of amounts already paid by the Employer to the Contractor,

and the final payment shall be the difference (if any) between the two sums, which shall be

shown as a balance due to the Contractor from the Employer or to the Employer from the

Contractor, as the case may be. The Final Statement shall state the basis on which that

amount has been calculated, including details of all such adjustments.

4.24.3 If the Contractor does not submit the Final Statement within 3 months of practical completion of the Works, the Employer may on or after the expiry of that period give the

Contractor notice that unless that statement is submitted within 2 months from the date of

the notice the Employer may himself issue a final statement in lieu of that from the

Contractor.

4.24.4 Unless the Contractor submits the Final Statement prior to the Employer exercising that right, the Employer may at any time after the 2 month notice period issue a final statement

to the Contractor (‘the Employer’s Final Statement’) in the form and with the details

required by clause 4.24.2, so far as the Employer, on the information in his possession, is

reasonably able to do so.

4.24.5 The due date for the final payment shall be the date one month after whichever of the following occurs last:

4.24.5.1 the end of the Rectification Period in respect of the Works or (where there are

Sections) the last such period to expire;

4.24.5.2 the date stated in the Notice of Completion of Making Good under clause 2.36 or

(where there are Sections) in the last such notice to be issued; or

4.24.5.3 the date of submission to the other Party of the Final Statement or, if issued first,

the Employer’s Final Statement (‘the relevant statement’).

4.24.6 Except to the extent that prior to the due date for the final payment the Employer gives notice to the Contractor disputing anything in the Final Statement or the Contractor gives

notice to the Employer disputing anything in the Employer’s Final Statement, and subject to

clause 1.8.2, the relevant statement shall upon the due date become conclusive as to the

sum due under clause 4.24.2 and have the further effects stated in clause 1.8.

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**Section 5 Changes**

**General**

**5.1 Definition of Changes**

The term ‘Change’ means:

5.1.1 a change in the Employer’s Requirements which makes necessary the alteration or modification of the design, quality or quantity of the Works, otherwise than such as may be

reasonably necessary for the purposes of rectification pursuant to clause 3.13, including:

5.1.1.1 the addition, omission or substitution of any work;

5.1.1.2 the alteration of the kind or standard of any of the materials or goods to be used

in the Works;

5.1.1.3 the removal from the site of any work executed or Site Materials other than work,

materials or goods which are not in accordance with this Contract;

5.1.2 the imposition by the Employer of any obligations or restrictions in regard to the following matters or any addition to or alteration or omission of any such obligations or restrictions

that are so imposed or are imposed in the Employer’s Requirements in regard to:

5.1.2.1 access to the site or use of any specific parts of the site;

5.1.2.2 limitations of working space;

5.1.2.3 limitations of working hours; or

5.1.2.4 the execution or completion of the work in any specific order.**[35]**

**5.2 Valuation of Changes and provisional sum work**

The value of:

5.2.1 all Changes required by Employer’s instructions;

5.2.2 all work which under these Conditions is to be treated as a Change; and

5.2.3 all work executed by the Contractor in accordance with Employer’s instructions as to the expenditure of Provisional Sums included in the Employer’s Requirements

shall be such amount as is agreed by the Employer and the Contractor or, where not agreed, the amount valued (a ‘Valuation’) in accordance with clauses 5.4 to 5.7 (‘the Valuation Rules’).

**5.3 Giving effect to Valuations, agreements etc.**

The Contract Sum shall be adjusted for each agreement by the Employer and the Contractor under clause 5.2 and for each Valuation.

**The Valuation Rules**

**5.4 Measurable Work**

Valuations shall be made in accordance with this clause 5.4 and, so far as is relevant, clauses 5.5 to 5.7.

5.4.1 Allowance shall be made in such Valuations for the addition or omission of the relevant design work.

**[35]** See clause 3.5.1 for the Contractor’s right of reasonable objection to Changes.

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5.4.2 The valuation of additional or substituted work shall be consistent with the values of work of a similar character set out in the Contract Sum Analysis, making due allowance for any

change in the conditions under which work is carried out and/or any significant change in

the quantity of the work so set out. Where there is no work of a similar character set out in

the Contract Sum Analysis a fair valuation shall be made.

5.4.3 The valuation of the omission of work set out in the Contract Sum Analysis shall be in accordance with the values therein for such work.

5.4.4 Any valuation of work under clauses 5.4.2 and 5.4.3 shall include allowance for any necessary addition to or reduction of the provision of site administration, site facilities and

temporary works.

**5.5 Daywork**

Where the execution of additional or substituted work cannot be valued in accordance with clause 5.4, the Valuation shall comprise:

5.5.1 the prime cost of such work (calculated in accordance with the ‘Definition of Prime Cost of Daywork carried out under a Building Contract’ issued by The Royal Institution of Chartered

Surveyors (RICS) and Construction Industry Publications Ltd as current at the Base Date)

together with Percentage Additions to each section of the prime cost at the rates stated in

the document identified in the Contract Particulars or, if they apply in respect of labour, at

the All-Inclusive Rates stated in such document; or

5.5.2 where the work is within the province of any specialist trade and the RICS and the appropriate body representing the employers in that trade have agreed and issued a

definition of prime cost of daywork**[36]**, the prime cost of such work calculated in accordance

with that definition current at the Base Date, together with Percentage Additions on the

prime cost at the rates stated in the document identified in the Contract Particulars or, if

they apply in respect of labour, at the All-Inclusive Rates stated in such document.

Provided that in any case vouchers specifying the time daily spent upon the work, the workmen’s names, the plant and the materials employed shall be delivered for verification to the Employer not later than 7 Business Days after the work has been executed.

**5.6 Change of conditions for other work**

If as a result of:

5.6.1 compliance with any instruction requiring a Change; or

5.6.2 compliance with any instruction as to the expenditure of a Provisional Sum,

there is a substantial change in the conditions under which any other work is executed, that other work shall be treated as a Change and shall be valued in accordance with the provisions of this section 5.

**5.7 Additional provisions**

5.7.1 To the extent that a Valuation does not relate to the execution of additional or substituted work or the omission of work or to the extent that the valuation of any work or liabilities

directly associated with a Change cannot reasonably be effected in the Valuation by the

application of clauses 5.4 to 5.6, a fair valuation shall be made.

5.7.2 No allowance shall be made under the Valuation Rules for any effect upon the regular progress of the Works or of any part of them or for any other direct loss and/or expense for

which the Contractor would be reimbursed by payment under any other provision in these

Conditions.

**[36]** There are currently three definitions to which clause 5.5.2 refers, namely those agreed between the RICS and the Electrical Contractors Association, the RICS and the Electrical Contractors Association of Scotland and the RICS and the Building and Engineering Services Association.

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**Section 6 Injury, Damage and Insurance**

**Personal Injury and Property Damage**

**6.1 Contractor’s liability – personal injury or death**

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 the 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, any Employer’s Person or any Statutory Undertaker.

**6.2 Contractor’s liability – loss, injury or damage to property**

Subject to clause 6.3, 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 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 Contractor’s Person.

**6.3 Loss or damage to Existing Structures or their contents**

6.3.1 Where paragraph C.1 of Insurance Option C applies, the Contractor’s liability and indemnity under clause 6.2 excludes any loss or damage to Existing Structures or to any of

their contents required to be insured under that option that is caused by any of the risks or

perils required or agreed to be insured against under that option.

6.3.2 The exclusion in clause 6.3.1 shall apply notwithstanding that the loss or damage is or may be due in whole or in part to the negligence, breach of statutory duty, omission or default of

the Contractor or any Contractor’s Person.

6.3.3 Where Insurance Option C applies but a C.1 Replacement Schedule applies in lieu of paragraph C.1, the Contractor’s liability and indemnity under clause 6.2 shall, in respect of

loss, injury or damage to the Existing Structures and their contents due to the causes

specified in that clause, be subject only to such limitations or exclusions as are specified in

that schedule.

6.3.4 The reference in clause 6.2 to ‘property real or personal’ does not include the Works, work executed or Site Materials up to and including the date of issue of the Practical Completion

Statement or, if earlier, the date of termination of the Contractor’s employment, except that:

6.3.4.1 after the date of issue of a Section Completion Statement, the Section to which it

relates shall no longer be regarded as ‘the Works’ or ‘work executed’ for these

purposes; and

6.3.4.2 if partial possession is taken under clause 2.30, the Relevant Part shall no

longer be so regarded after the Relevant Date.

**Insurance against Personal Injury and Property Damage**

**6.4 Contractor’s insurance of his liability**

6.4.1 Without limiting or affecting his indemnities to the Employer under clauses 6.1 and 6.2, the Contractor shall effect and maintain insurance in respect of claims arising out of the

liabilities referred to in those clauses which:

6.4.1.1 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

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6.4.1.2 for all other claims to which clause 6.4.1 applies**[37]**, 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

for any one occurrence or series of occurrences arising out of one event be in a

sum not less than that stated in the Contract Particulars for clause 6.4.1.**[38]**

6.4.2 As to evidence that such insurances have been effected and are being maintained and the consequences of failure to comply, clause 6.12 shall apply.

**6.5 Contractor’s insurance of liability of Employer**

6.5.1 If the Employer’s Requirements state that insurance under clause 6.5.1 is required, the Contractor shall effect and maintain a policy of insurance in the names of the Employer and

the Contractor for the amount of indemnity stated in the Contract Particulars in respect of

any expense, liability, loss, claim or proceedings which the Employer may incur or sustain

by reason of injury or damage to any property caused by collapse, subsidence, heave,

vibration, weakening or removal of support or lowering of ground water arising out of or in

the course of or by reason of the carrying out of the Works, excluding injury or damage:

6.5.1.1 for which the Contractor is liable under clause 6.2;

6.5.1.2 which is attributable to errors or omissions in the designing of the Works;

6.5.1.3 which can reasonably be foreseen to be inevitable having regard to the nature of

the work to be executed and the manner of its execution;

6.5.1.4 (if Insurance Option C applies) which it is the responsibility of the Employer to

insure under paragraph C.1 of Schedule 3;

6.5.1.5 to the Works and Site Materials except where the Practical Completion

Statement has been issued or in so far as any Section is the subject of a Section

Completion Statement;

6.5.1.6 which arises from any consequence of war, invasion, act of foreign enemy,

hostilities (whether war is declared or not), civil war, rebellion or revolution,

insurrection or military or usurped power;

6.5.1.7 which is directly or indirectly caused by or contributed to by or arises from the

Excepted Risks;

6.5.1.8 which is directly or indirectly caused by or arises out of pollution or

contamination of buildings or other structures or of water or land or the

atmosphere happening during the period of insurance, save that this exception

shall not apply in respect of pollution or contamination caused by a sudden

identifiable, unintended and unexpected incident which takes place in its entirety

at a specific moment in time and place during the period of insurance (all

pollution or contamination which arises out of one incident being considered for

the purpose of this insurance to have occurred at the time such incident takes

place); or

6.5.1.9 which results in any costs or expenses being incurred by the Employer or in any

other sums being payable by the Employer in respect of damages for breach of

contract, except to the extent that such costs or expenses or damages would

have attached in the absence of any contract.

6.5.2 Any insurance under clause 6.5.1 shall be placed with insurers approved by the Employer, and the Contractor shall upon its issue deposit the policy with the Employer.

6.5.3 As to evidence that such insurance has been effected and is being maintained and the consequences of failure to comply, clause 6.12 shall apply.

**[37]** It should be noted that the cover granted under Public Liability policies taken out pursuant to clause 6.4.1 may not be co-extensive with the indemnity given to the Employer in clauses 6.1 and 6.2: for example, each claim may be subject to an excess and cover may not be available in respect of loss or damage due to gradual pollution.

**[38]** The Contractor may, if he wishes, insure for a sum greater than that stated in the Contract Particulars.

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**6.6 Excepted Risks**

Notwithstanding clauses 6.1, 6.2 and 6.4.1, the Contractor shall neither be liable to indemnify the Employer nor obliged to insure against any personal injury to or the death of any person or any damage, loss or injury to the Works, Site Materials, work executed, the site or any other property, caused by the effect of an Excepted Risk.

**Insurance of the Works and Existing Structures**

**6.7 Insurance Options and period**

6.7.1 Insurance Options A, B and C are set out in Schedule 3. The Insurance Option that applies to this Contract is that stated in the Contract Particulars.**[39]**

6.7.2 In each case the Party responsible for effecting a Joint Names Policy under the Insurance Option that applies (the ‘Works Insurance Policy’) shall maintain that policy up to and

including the date of issue of the Practical Completion Statement, or last Section

Completion Statement, or (if earlier) the date of termination of the Contractor’s

employment, except that the obligation to maintain a Works Insurance Policy:

6.7.2.1 shall not apply in relation to a Section after the date of issue of its Section

Completion Statement; and

6.7.2.2 if partial possession is taken under clause 2.30, shall not as from the Relevant

Date apply in relation to the Relevant Part.

**6.8 Related definitions**

In these Conditions the following phrases shall have the following meanings:

**All Risks Insurance[40]:** 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;

(b) 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

relied for its support or stability on such work which was defective**[41]**;

**[39] Insurance Options A and B** are for use in the case of new buildings. **Insurance Option A** is applicable where the **Contractor** is required to take out a Joint Names Policy for All Risks Insurance of the Works or to include them on that basis within his Annual Construction policy; **Insurance Option B** is applicable where the **Employer** has elected to take out that Joint Names Policy.

**Insurance Option C** is for use in the case of alterations of or extensions to Existing Structures. Under that option, the **Employer** is required to take out a Joint Names Policy for All Risks Insurance for the Works and also, if paragraph C.1 applies, a Joint Names Policy to insure the Existing Structures and their contents owned by him or for which he is responsible against loss or damage by the Specified Perils. Some Employers (e.g. tenants and some homeowners) may not be able readily to obtain the Joint Names cover required under paragraph C.1. Where that is the case, alternative arrangements through use of a C.1 Replacement Schedule or as otherwise described in the Design and Build Contract Guide will be necessary.

**Where there are Existing Structures, it is vital that any prospective Employer who is not familiar with Insurance Option C – in particular any Employer who is a tenant or domestic homeowner – or an appropriate member of the Employer’s professional team, should consult specialist insurance advisers prior to the tender stage. Any Employer who is a tenant should also consult his insuring landlord prior to that stage.**

**[40]** The risks and costs that All Risks Insurance is required to cover are defined by exclusions. Policies issued by insurers are not standardised; the way in which insurance for these risks is expressed varies and **in some cases it may not be possible for insurance to be taken out against certain of the risks required to be covered**. In the case of Terrorism Cover, where the extension of cover will involve an additional premium and may in certain situations be difficult to effect, the requirement is now expressly limited to Pool Re Cover or such other cover as is agreed and set out in the Contract Particulars. That extension and any other relevant details of Works insurance also require discussion and agreement between the Parties and their insurance advisers at an early stage, **prior to entering into the Contract**. See the Design and Build Contract Guide.

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(c) 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 if 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.

**Excepted Risks:** the risks comprise:

(a) 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 (other than such risk insofar, but only insofar, as it is

included in the Terrorism Cover from time to time required to be taken out and

maintained under this Contract);

(b) pressure waves caused by aircraft or other aerial devices travelling at sonic or

supersonic speeds; and

(c) any act of terrorism that is not within the Terrorism Cover from time to time

required to be taken out and maintained under this Contract.

**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, pursuant to clause 6.9, recognised as an insured thereunder.

**Pool Re Cover:** such insurance against loss or damage to work executed and Site Materials caused by or resulting from terrorism as is from time to time generally available from insurers who are members of the Pool Reinsurance Company Limited scheme or of any similar successor scheme.**[42]**

**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.

**Terrorism Cover:** Pool Re Cover or other insurance against loss or damage to work executed and Site Materials (and/or, for the purposes of clause 6.11.1, to an Existing Structure and/or its contents) caused by or resulting from terrorism.**[42]**

**6.9 Sub-contractors – Specified Perils cover under Works Insurance Policies**

6.9.1 The Contractor, where Insurance Option A applies, and the Employer, where Insurance Option B or C applies, shall ensure that the Works Insurance Policy either:

6.9.1.1 provides for recognition of each sub-contractor as an insured under the policy; or

6.9.1.2 includes a waiver by the insurers of any right of subrogation which they may

have against any such sub-contractor

in respect of loss or damage by the Specified Perils to the Works or relevant Section, work

executed and Site Materials and that this recognition or waiver continues up to and

including the date of issue of any statement or other document which states that in relation

to the Works, the sub-contractor’s works are practically complete or, if earlier, the date of

termination of the sub-contractor’s employment. Where there are Sections, the recognition

or waiver for a sub-contractor in relation to a Section shall cease upon the issue of such

**[41]** In an All Risks Insurance policy for the Works, cover should not be reduced by any exclusion that goes beyond the terms of paragraph (b) in this definition. For example, an exclusion in terms that ‘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 the relevant Insurance Options or that definition. In relation to design defects, wider All Risks cover than that specified may be available, though it is not standard.

**[42]** As respects Terrorism Cover and the requirements of Insurance Options A, B and C, see footnote [40] and the Design and Build Contract Guide.

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statement or other document for his work in that Section.

6.9.2 Clause 6.9.1 applies also in respect of any Works Insurance Policy taken out in default under clause 6.12.2.

**6.10 Terrorism Cover – policy extensions and premiums**

6.10.1 To the extent that the Works Insurance Policy excludes (or would otherwise exclude) loss or damage caused by terrorism, the Contractor, where Insurance Option A applies, or the

Employer, where Insurance Option B or C applies, shall unless otherwise agreed effect and

maintain, either as an extension to the Works Insurance Policy or as a separate Joint

Names Policy, in the same amount and for the same period as the Works Insurance Policy,

such Terrorism Cover as is specified in or by the Contract Particulars, subject to clauses

6.10.4 and 6.11.

6.10.2 Where Insurance Option A applies and the Contractor is required to take out and maintain Pool Re Cover, the cost of that cover and its renewal shall be deemed to be included in the

Contract Sum save that, if at any renewal of the cover there is a variation in the rate on

which the premium is based, the Contract Sum shall be adjusted by the net amount of the

difference between the premium paid by the Contractor and the premium that would have

been paid but for the change in rate.

6.10.3 Where Insurance Option A applies and Terrorism Cover other than Pool Re Cover is specified as required, the cost of such other cover and of its renewal shall be added to the

Contract Sum.

6.10.4 Where Insurance Option A applies and the Employer is a Local or Public Authority, if at any renewal of the Terrorism Cover (of any type) there is an increase in the rate on which the

premium is based, he may instruct the Contractor not to renew the Terrorism Cover. If he

so instructs, clause 6.13.5.3 shall apply with effect from the renewal date.

**6.11 Terrorism Cover – non-availability – Employer’s options**

6.11.1 If the insurers named in any Joint Names Policy notify either Party that, with effect from a specified date (the ‘cessation date’), Terrorism Cover will cease and will no longer be

available or will only continue to be available with a reduction in the scope or level of such

cover, the recipient shall immediately notify the other Party.

6.11.2 The Employer, after receipt of such notification but before the cessation date, shall give notice to the Contractor either:

6.11.2.1 that, notwithstanding the cessation or reduction in scope or level of Terrorism

Cover, the Employer requires that the Works continue to be carried out; or

6.11.2.2 that on the date stated in the Employer’s notice (which shall be a date after the

date of the insurers’ notification but no later than the cessation date) the

Contractor’s employment under this Contract shall terminate.

6.11.3 Where Insurance Option A applies and the Employer gives notice under clause 6.11.2.1 requiring continuation of the Works, he may instruct the Contractor to effect and maintain

any alternative or additional form of Terrorism Cover then reasonably obtainable by the

Contractor; the net additional cost to the Contractor of any such cover and its renewal shall

be added to the Contract Sum.

6.11.4 If the Employer gives notice of termination under clause 6.11.2.2, then upon and from such termination the provisions of clause 8.12 (excluding clause 8.12.3.5) shall apply.

6.11.5 If the Employer does not give notice of termination under clause 6.11.2.2, but work executed and/or Site Materials thereafter suffer physical loss or damage caused by

terrorism, clauses 6.13 and 6.14 shall as appropriate apply.

**6.12 Evidence of insurance**

6.12.1 Where a Party is required by this Contract to effect and maintain an insurance policy or cover under any of clauses 6.4, 6.5, 6.7 and 6.10, or is responsible for ensuring that it is

effected and maintained, that Party shall at the request of the other Party supply such

documentary evidence as the other Party may reasonably require that the policy or cover

has been effected and remains in force.

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6.12.2 If a Party required to provide such documentary evidence fails to provide it within 7 days of a request being made, the other Party may assume that there has been a failure to insure,

and may insure against any risk, liability or expense to which he may be exposed as a

consequence, but shall not be obliged to do so. If the other Party insures, the defaulting

Party shall be liable for the costs that the other Party incurs in taking out and maintaining

that insurance. Any costs payable to the Contractor shall be added to the Contract Sum;

any costs payable to the Employer may be deducted from any sums due or to become due

to the Contractor or shall be recoverable from the Contractor as a debt.

**6.13 Loss or damage – insurance claims and reinstatement**

6.13.1 If during the carrying out of the Works any loss or damage affecting any executed work or Site Materials is occasioned by any of the risks covered by the Works Insurance Policy or

an Excepted Risk or there is any loss of or damage of any kind to any of the Existing

Structures or their contents, the Contractor shall forthwith upon it occurring or becoming

apparent give notice to the Employer of its nature, location and extent.

6.13.2 Subject to clauses 6.13.5.1 and 6.13.6, the occurrence of such loss or damage to executed work or Site Materials shall be disregarded in calculating any amounts payable to the

Contractor under this Contract.

6.13.3 The Contractor, for himself and for all his sub-contractors recognised as an insured under the Works Insurance Policy, shall authorise the insurers to pay to the Employer all monies

from such insurance, and from any policies covering Existing Structures or their contents

that are effected by the Employer.

6.13.4 Where loss or damage affecting executed work or Site Materials is occasioned by any risk covered by the Works Insurance Policy, and subject to clause 6.14 where relevant, the

Contractor shall after any inspection required by the insurers under the Works Insurance

Policy and with due diligence restore the damaged work, replace or repair any lost or

damaged Site Materials, remove and dispose of any debris (collectively ‘reinstatement

work’) and proceed with the carrying out and completion of the Works.

6.13.5 Where Insurance Option A applies:

6.13.5.1 the Employer shall pay all monies from such insurance to the Contractor by

instalments under separate reinstatement work statements issued by the

Employer at the same dates as those for Payment Notices under clause 4.7.5

but without deduction of Retention and less only the amounts referred to in

clause 6.13.5.2;

6.13.5.2 the Employer may retain from those monies any amounts properly incurred by

the Employer and notified by him to insurers in respect of professional fees up to

the aggregate amount of the percentage cover for those fees or (if less) the

amount paid by insurers in respect of those fees;

6.13.5.3 in respect of reinstatement work, the Contractor shall not be entitled to any

payment other than amounts received under the Works Insurance Policy except

where there has been a cessation of or reduction in Terrorism Cover under

clause 6.10.4 or 6.11 and loss or damage is then caused by or results from

terrorism, in which case the reinstatement work shall, to the extent that its cost is

no longer recoverable under the policy, be treated as a Change and under

clause 4.12.2.4, 4.13.2.4 or 6.13.5.1 included in Payment Notices. In neither

case shall there be any reduction in any amount payable by reason of any act or

neglect of the Contractor or of any sub-contractor which may have contributed to

the physical loss or damage.

6.13.6 Where Insurance Option B or paragraph C.2 of Insurance Option C applies or where loss or damage is caused by an Excepted Risk, reinstatement work shall be treated as a

Change.

**6.14 Loss or damage to Existing Structures – right of termination**

If there is material loss of or damage to any of the Existing Structures, the Employer shall be under no obligation to reinstate those structures, but either Party may, if it is just and equitable, terminate the Contractor’s employment under this Contract by notice given to the other in accordance with clause 1.7.4 within 28 days of the occurrence of that loss or damage. If such notice is given, then:

6.14.1 unless within 7 days of receiving the notice (or such longer period as may be agreed) the

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Party to whom it is given invokes a dispute resolution procedure of this Contract to

determine whether the termination is just and equitable, it shall be deemed to be so;

6.14.2 upon the giving of that notice or, where a dispute resolution procedure is invoked within that period, upon any final upholding of the notice, the provisions of clause 8.12 (except clause

8.12.3.5) shall apply.

**Professional Indemnity Insurance**

**6.15 Obligation to insure**

The Contractor shall:

6.15.1 forthwith after this Contract has been entered into, take out (unless he has already done so) a Professional Indemnity insurance policy with limits of indemnity of the types and in

amounts not less than those stated in the Contract Particulars**[43]**;

6.15.2 thereafter, provided it is available at commercially reasonable rates, maintain such insurance until the expiry of the period stated in the Contract Particulars from the date of

practical completion of the Works; and

6.15.3 as and when reasonably requested to do so by the Employer, produce for inspection documentary evidence that such insurance has been effected and/or is being maintained.

**6.16 Increased cost and non-availability**

If the insurance referred to in clause 6.15 ceases to be available at commercially reasonable rates, the Contractor shall immediately give notice to the Employer so that the Contractor and the Employer can discuss the means of best protecting their respective positions in the absence of such insurance.

**Joint Fire Code – compliance**

**6.17 Application of clauses**

Clauses 6.18 to 6.20 apply where the Contract Particulars state that the Joint Fire Code applies.

**6.18 Compliance with Joint Fire Code**

The Parties shall comply with the Joint Fire Code and any amendments or revisions to it; the Employer shall ensure such compliance by all Employer’s Persons and the Contractor shall ensure such compliance by all Contractor’s Persons.

**6.19 Breach of Joint Fire Code – Remedial Measures**

6.19.1 If a breach of the Joint Fire Code occurs and the insurers under the Works Insurance Policy specify by notice to the Employer or the Contractor the remedial measures they

require (the ‘Remedial Measures’), the Party receiving the notice shall copy it to the other

and the Contractor shall ensure that the Remedial Measures are carried out.

6.19.2 If the Contractor, within 7 days of receipt of a notice specifying Remedial Measures, does not begin to carry out or thereafter fails without reasonable cause regularly and diligently to

proceed with the Remedial Measures, then the Employer may employ and pay other

persons to carry out those Remedial Measures. 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.

**6.20 Joint Fire Code – amendments/revisions**

Where the Joint Fire Code is, under a Joint Names Policy, applicable to the Works and amendments or revisions are made to it after the Base Date, any cost of compliance by the Contractor with amendments or revisions made after that date shall be borne as stated in the Contract Particulars. If the cost is to be borne by the Employer, it shall be added to the Contract Sum.

**[43]** See the Design and Build Contract Guide.

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**Section 7 Assignment, Performance Bonds and Guarantees, Third Party Rights and Collateral Warranties**

**Assignment**

**7.1 General**

Subject to clause 7.2, neither the Employer nor the Contractor shall without the consent of the other assign this Contract or any rights thereunder.

**7.2 Rights of enforcement**

Where clause 7.2 is stated in the Contract Particulars to apply, then, in the event of transfer by the Employer of his freehold or leasehold interest in, or of a grant by the Employer of a leasehold interest in, the whole of the premises comprising the Works or (if the Contract Particulars so state) any Section, the Employer may at any time after practical completion of the Works or of the relevant Section grant or assign to any such transferee or lessee the right to bring proceedings in the name of the Employer (whether by arbitration or litigation, whichever applies under this Contract) to enforce any of the terms of this Contract made for the benefit of the Employer. The assignee shall be estopped from disputing any enforceable agreements reached between the Employer and the Contractor which arise out of and relate to this Contract (whether or not they are or appear to be a derogation from the right assigned) and which are made prior to the date of any grant or assignment.

**Performance Bonds and Guarantees**

**7.3 Performance Bonds and Guarantees**

The Contractor shall on the execution of this Contract provide to the Employer whichever of the following the Contract Particulars state as being required:

7.3.1 a performance bond or guarantee of the Contractor’s due performance of the Contract from a bank or other surety approved by the Employer in an amount equal to the percentage of

the Contract Sum and for the period stated in the Contract Particulars;

7.3.2 a guarantee by the Contractor’s parent company identified in the Contract Particulars;

any such bond or guarantee, unless otherwise agreed by the Employer, being substantially in the form of the document identified by the Contract Particulars.

**Clauses 7.7 to 7.11 – Preliminary**

**7.4 Rights Particulars**

The requirements for the grant of P&T Rights and Funder Rights by the Contractor and sub contractors and any requirement for the grant of Employer Rights by any sub-contractors (‘Rights Particulars’) are set out in the document(s) identified in the Contract Particulars against the reference to clause 7.4.**[44]** As respects those requirements:

7.4.1 such rights are conferred only on persons sufficiently identified (by name, class or description) in the Rights Particulars;

**[44]** The relevant Rights Particulars should identify the beneficiaries (by name, class or description) and the sub-contractors who are also required to grant rights, specify whether rights are to be granted at each level as Third Party Rights or by way of Collateral Warranties, state in those cases where the default provision is not to apply which alternative provision is to apply in its place and give any other details required to complete the terms of the rights or warranties that are to be given. A Model Form for the Rights Particulars is included in the Design and Build Contract Guide and is also available on the JCT website www.jctltd.co.uk.

In the case of third party rights the relevant limits and details required for the purposes of the respective parts of Schedule 5 of this Contract and Schedule 6 of the Design and Build Sub-Contract are the same as required for the purposes of the Warranty Particulars for the corresponding Collateral Warranty (CWa/P&T, CWa/F, SCWa/P&T, SCWa/F or SCWa/E). Directions may be needed as to mode of execution of sub-contracts and/or collateral warranties by relevant sub-contractors. See also the Design and Build Contract Guide.

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7.4.2 if in relation to an identified beneficiary the Rights Particulars fail to specify the method by which such rights are to be conferred, the Contractor in relation to rights to be granted by

him may elect to do so either as third party rights or by collateral warranty;

7.4.3 unless otherwise stated in the Rights Particulars, the term ‘the Consultants’ shall in all third party rights and/or collateral warranties to be granted mean the Employer’s Agent

(including any replacements) and any other consultants providing design services to the

Employer in connection with the Works.

**7.5 Notices**

Each notice to the Contractor referred to in clauses 7.7 to 7.11 shall be given in accordance with clause 1.7.4.

**7.6 Execution of Collateral Warranties**

Where this Contract is executed as a deed, any collateral warranty to be entered into by the Contractor pursuant to clause 7.9 or 7.10 shall be executed as a deed. Where this Contract is executed under hand, any such warranty may be executed under hand.**[45]**

**Third Party Rights from Contractor**

**7.7 Rights for Purchasers and Tenants**

7.7.1 Where the Rights Particulars state that the Contractor shall confer P&T Rights on a Purchaser or Tenant as third party rights, those rights shall vest in that Purchaser or Tenant

on the date of receipt by the Contractor of the Employer’s notice to that effect, stating the

name of the Purchaser or Tenant and the nature of his interest in the Works.

7.7.2 Where P&T Rights have vested in any Purchaser or Tenant, the Employer and the Contractor shall not be entitled without the consent of that Purchaser or Tenant to amend or

vary the express provisions of this clause 7.7 or of Part 1 of Schedule 5 (Third Party Rights

for Purchasers and Tenants) but, subject thereto, the rights of the Employer and/or the

Contractor:

7.7.2.1 to terminate the Contractor’s employment under this Contract (whether under

section 8 or otherwise), or to agree to rescind this Contract;

7.7.2.2 to agree to amend or otherwise vary or to waive any terms of this Contract;

7.7.2.3 to agree to settle any dispute or other matter arising out of or in connection with

this Contract, in each case in or on such terms as they shall in their absolute

discretion think fit,

shall not be subject to the consent of any Purchaser or Tenant.

**7.8 Rights for a Funder**

7.8.1 Where the Rights Particulars state that the Contractor shall confer Funder Rights on a Funder as third party rights, those rights shall vest in the Funder on the date of receipt by

the Contractor of the Employer’s notice to that effect.

7.8.2 Where Funder Rights have been vested in the Funder pursuant to clause 7.8.1:

7.8.2.1 no amendment or variation shall be made to the express terms of this clause

7.8, to Part 2 of Schedule 5 (Third Party Rights for a Funder) or to the relevant

Rights Particulars without the prior written consent of the Funder; and

7.8.2.2 neither the Employer nor the Contractor shall agree to rescind this Contract, and

the rights of the Contractor to terminate his employment under this Contract or to

treat it as repudiated shall in all respects be subject to the provisions of

paragraph 6 of Part 2 of Schedule 5

but, subject thereto, unless and until the Funder gives notice under paragraph 5 or

paragraph 6.4 of Part 2 of Schedule 5, the Contractor shall remain free without the consent

of the Funder to agree with the Employer to amend or otherwise vary or to waive any term

**[45]** See the footnote to clause 7.4 above.

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of this Contract and to settle any dispute or other matter arising out of or in connection with

this Contract, in each case in such terms as they think fit, without any requirement that the

Contractor obtain the consent of the Funder.

**Collateral Warranties from Contractor**

**7.9 Contractor’s Warranties – Purchasers and Tenants**

Where the Rights Particulars state that the Contractor shall confer P&T Rights on a Purchaser or Tenant by way of collateral warranty, the Employer may by notice to the Contractor, identifying the Purchaser or Tenant and his interest in the Works, require that the Contractor within 14 days from receipt of that notice enter into a Collateral Warranty with such Purchaser or Tenant in the form CWa/ P&T, completed in accordance with the relevant Rights Particulars.

**7.10 Contractor’s Warranty – Funder**

Where the Rights Particulars state that the Contractor shall confer Funder Rights on a Funder by way of collateral warranty, the Employer may by notice to the Contractor require that the Contractor within 14 days from receipt of the Employer’s notice enter into a Collateral Warranty with the Funder in the form CWa/F, completed in accordance with the relevant Rights Particulars.

**Third Party Rights and Collateral Warranties from Sub-Contractors**

**7.11 Third Party Rights and Collateral Warranties from Sub-Contractors**

Where the Rights Particulars state that a sub-contractor shall confer third party rights on a Purchaser, Tenant or Funder and/or the Employer or execute and deliver a Collateral Warranty in favour of such person:

7.11.1 the Contractor shall comply with the Contract Documents as to the obtaining of such rights or warranties including:

7.11.1.1 on receipt of notice from the Employer identifying in each case the sub

contractor, type of right or warranty and beneficiary, promptly giving notice under

clause 2.26.3 or, where appropriate, 2.26.4 of the JCT Design and Build Sub

Contract Conditions or other equivalent sub-contract condition to each sub

contractor identified in the Employer’s notice; and

7.11.1.2 in the case of each Collateral Warranty specified in the Employer’s notice and

within 21 days of receipt of that notice, taking such steps as are required to

obtain each warranty, promptly forwarding the executed document to the

Employer or as he may direct and, where Collateral Warranty SCWa/F is

required, having himself also executed and delivered the document;

7.11.2 any amendment to the form of any third party rights or collateral warranty proposed by a sub-contractor shall require approval by both the Contractor and the Employer;

7.11.3 in the case of vested third party rights, the Contractor shall not without the consent of each beneficiary in whom those rights have been vested:

7.11.3.1 agree any amendment or variation to the express terms of clause 2.26, clause

2.27 or Schedule 6 (Third Party Rights) of the JCT Design and Build Sub

Contract Conditions or other equivalent conditions of the sub-contract; or

7.11.3.2 where such beneficiary is the Employer or a Funder, agree to rescind the sub

contract.

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**Section 8 Termination**

**General**

**8.1 Meaning of insolvency**

For the purposes of these Conditions:

8.1.1 a company becomes Insolvent:

8.1.1.1 when it enters administration within the meaning of Schedule B1 to the

Insolvency Act 1986;

8.1.1.2 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;

8.1.1.3 on the passing of a resolution for voluntary winding-up without a declaration of

solvency under section 89 of that Act; or

8.1.1.4 on the making of a winding-up order under Part IV or V of that Act.

8.1.2 a partnership becomes Insolvent:

8.1.2.1 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

8.1.2.2 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.

8.1.3 an individual becomes Insolvent:

8.1.3.1 on the making of a bankruptcy order against him under Part IX of the Insolvency

Act 1986; or

8.1.3.2 on the sequestration of his estate under the Bankruptcy (Scotland) Act 1985 or

when he grants a trust deed for his creditors.

8.1.4 a person also becomes Insolvent if:

8.1.4.1 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

8.1.4.2 (in the case of a partnership) each partner is the subject of an individual

arrangement or any other event or proceedings referred to in this clause 8.1.

Each of clauses 8.1.1 to 8.1.4 also includes any analogous arrangement, event or proceedings in any other jurisdiction.

**8.2 Notices under section 8**

8.2.1 Notice of termination of the Contractor’s employment shall not be given unreasonably or vexatiously.

8.2.2 Such termination shall take effect on receipt of the relevant notice.

8.2.3 Each notice referred to in this section shall be given in accordance with clause 1.7.4.

**8.3 Other rights, reinstatement**

8.3.1 The provisions of clauses 8.4 to 8.7 are without prejudice to any other rights and remedies

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of the Employer. The provisions of clauses 8.9 and 8.10, and (in the case of termination

under either of those clauses) the provisions of clause 8.12, are without prejudice to any

other rights and remedies of the Contractor.

8.3.2 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.

**Termination by Employer**

**8.4 Default by Contractor**

8.4.1 If, before practical completion of the Works, the Contractor:

8.4.1.1 without reasonable cause wholly or substantially suspends the carrying out of

the Works; or

8.4.1.2 fails to proceed regularly and diligently with the performance of his obligations

under this Contract; or

8.4.1.3 refuses or neglects to comply with a notice or instruction from the Employer

requiring him to remove any work, materials or goods not in accordance with this

Contract and by such refusal or neglect the Works are materially affected; or

8.4.1.4 fails to comply with clause 3.3 or 7.1; or

8.4.1.5 fails to comply with clause 3.16,

the Employer may give to the Contractor a notice specifying the default or defaults (a

‘specified' default or defaults).

8.4.2 If the Contractor continues a specified default for 14 days from receipt of the notice under clause 8.4.1, the Employer may on, or within 21 days from, the expiry of that 14 day period

by a further notice to the Contractor terminate the Contractor’s employment under this

Contract.

8.4.3 If the Employer does not give the further notice referred to in clause 8.4.2 (whether as a result of the ending of any specified default or otherwise) but the Contractor repeats a

specified default (whether previously repeated or not), then, upon or within a reasonable

time after such repetition, the Employer may by notice to the Contractor terminate that

employment.

**8.5 Insolvency of Contractor**

8.5.1 If the Contractor is Insolvent, the Employer may at any time by notice to the Contractor terminate the Contractor’s employment under this Contract.

8.5.2 The Contractor shall immediately notify the Employer if he makes any proposal, gives notice of any meeting or becomes the subject of any proceedings or appointment relating

to any of the matters referred to in clause 8.1.

8.5.3 As from the date the Contractor becomes Insolvent, whether or not the Employer has given such notice of termination:

8.5.3.1 clauses 8.7.3 to 8.7.5 and (if relevant) clause 8.8 shall apply as if such notice

had been given;

8.5.3.2 the Contractor’s obligations under Article 1 and these Conditions to carry out

and complete the Works shall be suspended; and

8.5.3.3 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.

**8.6 Corruption and regulation 73(1)(b) of the PC Regulations**

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

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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 or Public 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, or, where this Contract is one to which regulation 73(1) of the PC Regulations applies, the circumstances set out in regulation 73(1)(b) of the PC Regulations apply.

**8.7 Consequences of termination under clauses 8.4 to 8.6**

If the Contractor’s employment is terminated under clause 8.4, 8.5 or 8.6:

8.7.1 the Employer may employ and pay other persons to carry out and complete the Works and to make good any defects of the kind referred to in clause 2.35, 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;

8.7.2 the Contractor shall:

8.7.2.1 when required in writing by the Employer to do so (but not before), remove or

procure the removal from the Works of any temporary buildings, plant, tools,

equipment, goods and materials belonging to the Contractor or Contractor’s

Persons;

8.7.2.2 provide the Employer with copies of all Contractor’s Design Documents then

prepared, whether or not previously provided;

8.7.2.3 if so required by the Employer within 14 days of the date of termination, assign

(so far as assignable and so far as he may lawfully be required to do so) to the

Employer, without charge, the benefit of any agreement for the supply of

materials or goods and/or for the execution of any work for the purposes of this

Contract**[46]**;

8.7.3 no further sum shall become due to the Contractor under this Contract other than any amount that may become due to him under clause 8.7.5 or 8.8.2 and the Employer need

not pay any sum that has already become due either:

8.7.3.1 insofar as the Employer has given or gives a Pay Less Notice under clause

4.9.5; or

8.7.3.2 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 8.1.1 to 8.1.3;

8.7.4 following the completion of the Works and the making good of defects in them (or of instructions otherwise, as referred to in clause 2.35), an account of the following shall

within 3 months thereafter be set out in a statement prepared by the Employer:

8.7.4.1 the amount of expenses properly incurred by the Employer, including those

incurred pursuant to clause 8.7.1 and, where applicable, clause 8.5.3.3, 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;

8.7.4.2 the amount of payments made to the Contractor; and

8.7.4.3 the total amount which would have been payable for the Works in accordance

with this Contract;

8.7.5 if the sum of the amounts stated under clauses 8.7.4.1 and 8.7.4.2 exceeds the amount stated under clause 8.7.4.3, 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.

**8.8 Employer’s decision not to complete the Works**

8.8.1 If within the period of 6 months from the date of termination of the Contractor’s employment the Employer decides not to have the Works carried out and completed, he shall forthwith

notify the Contractor. Within a reasonable time from the date of such notification, or if no

notification is given but within that 6 month period the Employer does not commence to

**[46]** Clause 8.7.2.3 may not be effectual in cases of Contractor’s insolvency.

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make arrangements for such carrying out and completion, then within 2 months of the

expiry of that 6 month period, the Employer shall send to the Contractor a statement setting

out:

8.8.1.1 the total value of work properly executed at the date of termination or date on

which the Contractor became Insolvent, ascertained in accordance with these

Conditions as if that employment had not been terminated, together with any

amounts due to the Contractor under these Conditions not included in such total

value; and

8.8.1.2 the aggregate amount of any expenses properly incurred by the Employer 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.

8.8.2 After taking into account amounts previously paid to the Contractor under this Contract, if the amount stated under clause 8.8.1.2 exceeds the amount stated under clause 8.8.1.1,

the difference shall be a debt payable by the Contractor to the Employer or, if the clause

8.8.1.2 amount is less, by the Employer to the Contractor.

**Termination by Contractor**

**8.9 Default by Employer**

8.9.1 If the Employer:

8.9.1.1 does not pay by the final date for payment the amount due to the Contractor in

accordance with clause 4.9 and/or any VAT properly chargeable on that amount;

or

8.9.1.2 fails to comply with clause 7.1; or

8.9.1.3 fails to comply with clause 3.16,

the Contractor may give to the Employer a notice specifying the default or defaults (a

‘specified’ default or defaults).

8.9.2 If after the Date of Possession (or after any deferred Date of Possession pursuant to clause 2.4) but 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

the length stated in the Contract Particulars by reason of any impediment, prevention or

default, whether by act or omission, by the Employer or any Employer’s Person, then,

unless it is caused by the negligence or default of the Contractor or any Contractor’s

Person, the Contractor may give to the Employer a notice specifying the event or events (a

‘specified’ suspension event or events).

8.9.3 If a specified default or a specified suspension event continues for 14 days from the receipt of notice under clause 8.9.1 or 8.9.2, the Contractor may on, or within 21 days from, the

expiry of that 14 day period by a further notice to the Employer terminate the Contractor’s

employment under this Contract.

8.9.4 If the Contractor for any reason does not give the further notice referred to in clause 8.9.3, but (whether previously repeated or not):

8.9.4.1 the Employer repeats a specified default; or

8.9.4.2 a specified suspension event is repeated for any period, such that the regular

progress of the Works is or is likely to be materially affected thereby,

then, upon or within a reasonable time after such repetition, the Contractor may by notice

to the Employer terminate the Contractor’s employment under this Contract.

**8.10 Insolvency of Employer**

8.10.1 If the Employer is Insolvent, the Contractor may by notice to the Employer terminate the Contractor’s employment under this Contract;

8.10.2 the Employer shall immediately notify the Contractor if he makes any proposal, gives notice of any meeting or becomes the subject of any proceedings or appointment relating to any

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of the matters referred to in clause 8.1;

8.10.3 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 and regulations 73(1)(a) and 73(1)(c) of the PC Regulations**

**8.11 Termination by either Party and regulations 73(1)(a) and 73(1)(c) of the PC Regulations**

8.11.1 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 the

length stated in the Contract Particulars by reason of one or more of the following events:

8.11.1.1 force majeure;

8.11.1.2 Employer’s instructions under clause 2.13, 3.9 or 3.10 issued as a result of the

negligence or default of any Statutory Undertaker;

8.11.1.3 loss or damage to the Works occasioned by any risk covered by the Works

Insurance Policy or by an Excepted Risk;

8.11.1.4 civil commotion or the use or threat of terrorism and/or the activities of the

relevant authorities in dealing with such event or threat;

8.11.1.5 the exercise by the United Kingdom Government or any Local or Public Authority

of any statutory power that is not occasioned by a default of the Contractor or

any Contractor’s Person but which directly affects the execution of the Works; or

8.11.1.6 delay in receipt of any permission or approval for the purposes of Development

Control Requirements necessary for the Works to be carried out or proceed,

which delay the Contractor has taken all practicable steps to avoid or reduce,

then either Party, subject to clause 8.11.2, 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.

8.11.2 The Contractor shall not be entitled to give notice under clause 8.11.1 in respect of the matter referred to in clause 8.11.1.3 where the loss or damage to the Works was caused by

the negligence or default of the Contractor or any Contractor’s Person.

8.11.3 Where this Contract is one to which regulation 73(1) of the PC Regulations applies the Employer shall be entitled by notice to the Contractor to terminate the Contractor’s

employment under this Contract where the grounds set out in regulation 73(1)(a) or 73(1)

(c) of the PC Regulations apply.

**Consequences of Termination under clauses 8.9 to 8.11, etc.**

**8.12 Consequences of Termination under clauses 8.9 to 8.11, etc.**

If the Contractor’s employment is terminated under any of clauses 8.9 to 8.11 or under clause 6.11.2.2 or 6.14:

8.12.1 no further sums shall become due to the Contractor otherwise than in accordance with this clause 8.12;

8.12.2 the Contractor shall:

8.12.2.1 with all reasonable dispatch, remove or procure the removal from the site of any

temporary buildings, plant, tools and equipment belonging to the Contractor and

Contractor’s Persons and, subject to the provisions of clause 8.12.5, all goods

and materials (including Site Materials); and

8.12.2.2 provide to the Employer copies of the documents referred to in clause 2.37 then

prepared;

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8.12.3 where the Contractor’s employment is terminated under clause 8.9 or 8.10, the Contractor shall as soon as reasonably practicable prepare and submit an account or, where

terminated under clause 8.11, 6.11.2.2 or 6.14, the Contractor shall at the Employer’s

option either prepare and submit that account or, not later than 2 months after the date of

termination, provide the Employer with all documents necessary for the Employer to do so,

which the Employer shall do with reasonable dispatch (and in any event within 3 months of

receipt of such documents). The account shall set out the amounts referred to in clauses

8.12.3.1 to 8.12.3.4 and, if applicable, clause 8.12.3.5, namely:

8.12.3.1 the total value of work properly executed at, and of any design work properly

carried out before, 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;

8.12.3.2 any sums ascertained in respect of direct loss and/or expense under clause 4.20

(whether ascertained before or after the date of termination);

8.12.3.3 the reasonable cost of removal under clause 8.12.2;

8.12.3.4 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;

8.12.3.5 any direct loss and/or damage caused to the Contractor by the termination;

8.12.4 the account shall include the amount, if any, referred to in clause 8.12.3.5 only where the Contractor’s employment is terminated either:

8.12.4.1 under clause 8.9 or 8.10; or

8.12.4.2 under clause 8.11.1.3, if the loss or damage to the Works was caused by the

negligence or default of the Employer or any Employer’s Person;

8.12.5 after taking into account amounts previously paid to the Contractor under this Contract, the Employer shall pay to the Contractor (or vice versa) the amount properly due in respect of

the account within 28 days of its submission to the other Party, without deduction of any

Retention. Payment by the Employer for any such materials and goods as are referred to in

clause 8.12.3.4 shall be subject to those materials and goods thereupon becoming the

Employer’s property.

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**Section 9 Settlement of Disputes**

**Mediation**

**9.1 Mediation**

Subject to Article 7, 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.**[47]**

**Adjudication**

**9.2 Adjudication**

If a dispute or difference arises under this Contract which either Party wishes to refer to adjudication, the Scheme shall apply, subject to the following:

9.2.1 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;

9.2.2 where the dispute or difference is or includes a dispute or difference relating to clause 3.13.3 and as to whether an instruction issued thereunder is reasonable in all the

circumstances:

9.2.2.1 the Adjudicator to decide such dispute or difference shall (where practicable) be

an individual with appropriate expertise and experience in the specialist area or

discipline relevant to the instruction or issue in dispute;

9.2.2.2 if the Adjudicator does not have the appropriate expertise and experience, the

Adjudicator shall appoint an independent expert with such expertise and

experience to advise and report in writing on whether or not the instruction under

clause 3.13.3 is reasonable in all the circumstances.

**Arbitration**

**9.3 Not applicable**

**9.4 Not applicable**

**9.5 Not applicable**

**9.6 Not applicable**

**9.7 Not applicable**

**9.8 Not applicable**

**[47]** See the Design and Build Contract Guide.

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**Schedules**

**Schedule 1 Design Submission Procedure**

(Clause 2.8)

**1** The Contractor shall prepare and submit each of the Contractor’s Design Documents to the Employer by the means and in the format stated in the Employer’s Requirements or the Contractor’s Proposals and in sufficient time to allow any comments of the Employer to be incorporated prior to the relevant Contractor’s Design Document being used for procurement and/or in the carrying out of the Works. Where the means and format are not so stated, then, unless and until otherwise agreed with the Employer, the Contractor shall submit 2 copies of each of the Contractor’s Design Documents to him.

**2** Within 14 days from the date of receipt of any Contractor’s Design Document, or (if later) 14 days from either the date or expiry of the period for submission of the same stated in the Contract Documents, the Employer shall return one copy of that Contractor’s Design Document to the Contractor marked ‘A’, ‘B’ or ‘C’ provided that a document shall be marked ‘B’ or ‘C’ only where the Employer considers that it is not in accordance with this Contract.

**3** If the Employer does not respond to a Contractor’s Design Document in the time stated in paragraph 2, it shall be regarded as marked ‘A’.

**4** Where the Employer marks a Contractor’s Design Document ‘B’ or ‘C’, he shall identify by means of a written comment why he considers that it is not in accordance with this Contract.

**5** When a Contractor’s Design Document is returned by the Employer:

5.1 if it is marked ‘A’, the Contractor shall carry out the Works in strict accordance with that document;

5.2 if it is marked ‘B’, the Contractor may carry out the Works in accordance with that document, provided that the Employer’s comments are incorporated into it and an

amended copy of it is promptly submitted to the Employer; or

5.3 if it is marked ‘C’, the Contractor shall take due account of the Employer’s comments on it and shall either forthwith resubmit it to the Employer in amended form for comment in

accordance with paragraph 1 or notify the Employer under paragraph 7.

**6** The Contractor shall not carry out any work in accordance with a Contractor’s Design Document marked ‘C’ and the Employer shall not be liable to pay for any work within the Works executed otherwise than in accordance with Contractor’s Design Documents marked ‘A’ or ‘B’.

**7** If the Contractor disagrees with a comment of the Employer and considers that the Contractor’s Design Document in question is in accordance with this Contract, he shall within 7 days of receipt of the comment notify the Employer that he considers that compliance with the comment would give rise to a Change. Such notification shall be accompanied by a statement setting out the Contractor’s reasons. Upon receipt of such a notification the Employer shall within 7 days either confirm or withdraw the comment and, where the comment is confirmed, the Contractor shall amend and resubmit the document accordingly.

**8** Provided always that:

8.1 confirmation or withdrawal of a comment in accordance with paragraph 7 shall not signify acceptance by the Employer that the relevant Contractor’s Design Document or amended

document is in accordance with this Contract or that compliance with the Employer’s

comment would give rise to a Change;

8.2 where in relation to a comment by the Employer the Contractor does not notify him in accordance with paragraph 7, the comment in question shall not be treated as giving rise to

a Change; and

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8.3 neither compliance with the design submission procedure in this Schedule nor with the Employer’s comments shall diminish the Contractor’s obligations to ensure that the

Contractor’s Design Documents and Works are in accordance with this Contract.

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**Schedule 2 Supplemental Provisions**

(Seventh Recital)

**Part 1**

Supplemental Provisions 1 to 3 apply only if so stated in the Contract Particulars.

**Named Sub-Contractors**

**1**

1.1 Where the Employer’s Requirements state that work (‘Named Sub-Contract Work’) is to be executed by a named person as the Contractor’s sub-contractor (a ‘Named Sub

Contractor’):

1.1.1 as soon as reasonably practicable after entering into this Contract the Contractor

shall enter into a sub-contract with the Named Sub-Contractor that includes the

undertaking referred to in paragraph 1.5 and notify the Employer of the date of

such sub-contract;

1.1.2 if for any reason the Contractor is unable to enter into that sub-contract he shall

immediately notify the Employer of the grounds and provided the Contractor has

acted reasonably the Employer shall by a Change instruction:

1.1.2.1 remove the grounds;

1.1.2.2 direct the Contractor to carry out that work using either his own

resources or, at the Contractor’s option, a sub-contractor selected by

the Contractor and approved by the Employer; or

1.1.2.3 omit the Named Sub-Contract Work from this Contract,

but shall not require that the work be executed by another Named Sub

Contractor.

1.2 Subject to the provisions contained in paragraph 1.1.2, the provisions of clause 5.2 *(Valuation of Changes)*, clauses 2.23 to 2.26 *(Adjustment of Completion Date)* and clauses

4.19 to 4.23 *(Loss and Expense)* shall as relevant apply to the Change instruction issued

under that paragraph.

1.3 If the Contractor becomes entitled to terminate a Named Sub-Contractor’s employment under his sub-contract or to give notice of a specified default which, if continued, would be

grounds for such termination or is entitled to treat the sub-contract as repudiated, the

Contractor:

1.3.1 shall promptly, and prior to giving any notice to that effect to the Named Sub

Contractor, notify the Employer and consult with him, if requested;

1.3.2 save where the Named Sub-Contractor is or becomes Insolvent, shall not give

notice of termination, or notice that he is treating the sub-contract as repudiated,

without the Employer’s consent; and

1.3.3 shall at the time of issue send the Employer a copy of each notice that he gives

to the Named Sub-Contractor.

1.4 If the Named Sub-Contractor’s employment is terminated or if he repudiates the sub contract:

1.4.1 the Contractor shall himself or by his selected sub-contractor complete any

balance of the Named Sub-Contract Work;

1.4.2 such completion shall be treated as a Change except where the termination has

resulted from the Contractor’s default, whether by act or omission, or where

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there has been a material breach of paragraph 1.3; and

1.4.3 the Contractor shall account to the Employer for such proportion of any amount

that he recovers, or with reasonable diligence could have recovered, from the

Named Sub-Contractor in respect of the termination, as may properly and fairly

be regarded as due to the Employer to offset the cost to him of the Change.

1.5 The Contractor shall include in any Named Sub-Contract a condition stating that the Named Sub-Contractor, having had notice of the terms in this Supplemental Provision 1,

undertakes not to contend, whether in proceedings or otherwise, that the Contractor has

suffered or incurred no loss and/or expense or that his liability to the Contractor should be

in any way reduced or extinguished by reason of this Supplemental Provision 1 and in

particular paragraph 1.4.

1.6 The Contractor’s responsibility for carrying out and completing the Works in all respects in accordance with clause 2.1 shall not be affected in any manner by the naming of any

person for any work in accordance with this Supplemental Provision 1 or by any of the

events that it refers to.

**Valuation of Changes – Contractor’s estimates**

**2**

2.1 Section 5 *(Changes)*, clauses 2.23 to 2.26 *(Adjustment of Completion Date)* and clauses 4.19 to 4.23 *(Loss and Expense)* shall have effect as modified by the provisions of

paragraphs 2.2 to 2.6.

2.2 Where compliance with instructions of the Employer under clause 3.9 will in the opinion of the Contractor or of the Employer entail a Valuation under clause 5.2 and/or the making of

an adjustment of time in respect of the Relevant Event and/or the ascertainment of direct

loss and/or expense under clause 4.20 the Contractor, before such compliance, shall

submit to the Employer within 14 days of the date of the relevant instruction (or within such

other period as may be agreed or, failing agreement, within such other period as may be

reasonable in all the circumstances) estimates, or such of those as are relevant, as

referred to in paragraphs 2.3.1 to 2.3.5 unless:

2.2.1 the Employer with the instructions or within 14 days thereafter states in writing

that such estimates are not required; or

2.2.2 the Contractor within 10 days of receipt of the instructions raises for himself or

on behalf of any sub-contractor reasonable objection to the provision of all or

any of such estimates.

2.3 The estimates required under paragraph 2.2 shall be in substitution for any Valuation under clause 5.2 and/or any ascertainment under clause 4.20 and shall comprise:

2.3.1 the value of the adjustment to the Contract Sum, supported by all necessary

calculations by reference to the values in the Contract Sum Analysis;

2.3.2 the additional resources (if any) required to comply with the instructions;

2.3.3 a method statement for compliance with the instructions;

2.3.4 the length of any extension of time required and the resultant change in the

Completion Date; and

2.3.5 the amount of any direct loss and/or expense, not included in any other

estimate, which results from the regular progress of the Works or any part of

them being materially affected by compliance with the instructions under clause

3.9.

2.4 Upon submission of the estimates required under paragraph 2.2 the Employer and Contractor shall take all reasonable steps to agree those estimates and upon such

agreement those estimates shall be binding on the Employer and Contractor.

2.5 If within 10 days of receipt of the Contractor’s estimates the Contractor and Employer cannot agree on all or any of the matters therein the Employer:

2.5.1 may instruct compliance with the instruction and this Supplemental Provision 2

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shall not apply in respect of that instruction; or

2.5.2 may withdraw the instruction.

Where the Employer withdraws the instructions under paragraph 2.5.2 such withdrawal

shall be at no cost to the Employer except that where the preparation of the estimates

involved the Contractor in any additional design work solely and necessarily carried out for

the purpose of preparing his estimates such design work shall be treated as a Change.

2.6 If the Contractor is in breach of paragraph 2.2 compliance with the instruction shall be dealt with in accordance with clauses 2.23 to 2.26, 3.9 and 4.20 but any resultant addition to the

Contract Sum in respect of such compliance shall not be included in Interim Payments but

shall be included in the adjustment of the Contract Sum under clause 4.2. Provided that

such addition shall not include any amount in respect of loss of interest or any financing

charges in respect of the cost to the Contractor of compliance with the instruction which

have been suffered or incurred by him prior to the date of issue of the Final Statement or

Employer’s Final Statement.

**Loss and expense – Contractor’s estimates**

**3**

3.1 Clauses 4.19 to 4.23 *(Loss and Expense)* shall have effect as modified by the provisions of paragraphs 3.2 to 3.6.

3.2 Where the Contractor pursuant to clause 4.19 is entitled to an amount in respect of direct loss and/or expense to be added to the Contract Sum, he shall (except in respect of direct

loss and/or expense dealt with or being dealt with under Supplemental Provision 2) on

presentation of the next Interim Payment Application submit to the Employer an estimate of

the addition to the Contract Sum which the Contractor requires in respect of such loss and/

or expense which he has incurred in the period immediately preceding that for which the

Interim Payment Application has been made.

3.3 Following the submission of an estimate under paragraph 3.2 the Contractor shall for so long as he has incurred direct loss and/or expense to which clause 4.19 refers, on

presentation of each Interim Payment Application submit to the Employer an estimate of

the addition to the Contract Sum which the Contractor requires in respect of such loss and/

or expense which has been incurred by him in the period immediately preceding that for

which each Interim Payment Application is made.

3.4 Within 21 days of receipt of any estimate submitted under paragraph 3.2 or 3.3 the Employer may request such information and details as he may reasonably require in

support of the Contractor’s estimate but within the aforesaid 21 days the Employer shall

give to the Contractor notice that:

3.4.1 he accepts the estimate;

3.4.2 he wishes to negotiate on the amount of the addition to the Contract Sum and in

default of agreement to refer the issue as a dispute or difference to the

Adjudicator in accordance with the provisions of clause 9.2; or

3.4.3 the provisions of clauses 4.19 and 4.20 shall apply in respect of the loss and/or

expense to which the estimate relates.

If the Employer elects to negotiate pursuant to paragraph 3.4.2 and agreement is not

reached, the provisions of clauses 4.19 and 4.20 shall apply in respect of the loss and/or

expense to which the estimate relates.

3.5 Upon acceptance or agreement under paragraph 3.4.1 or 3.4.2 as to the amount of the addition to the Contract Sum such amount shall be added to the Contract Sum and no

further additions to the Contract Sum shall be made in respect of the direct loss and/or

expense incurred by the Contractor during the period and in respect of the matter set out in

clauses 4.19 to 4.21 to which that amount related.

3.6 If the Contractor is in breach of paragraphs 3.2 and 3.3 direct loss and/or expense incurred by the Contractor shall be dealt with in accordance with clauses 4.19 and 4.20 save that

any resultant addition to the Contract Sum shall not be included in Interim Payments but

shall be included in the adjustment of the Contract Sum under clause 4.2. Provided that

such addition shall not include any amount in respect of loss of interest or financing

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charges in respect of such direct loss and/or expense which have been suffered or incurred

by the Contractor prior to the date of issue of the Final Statement or Employer’s Final

Statement.

**Part 2**

Supplemental Provisions 4 to 10 apply unless otherwise stated in the Contract Particulars. Supplemental Provision 11 applies where the Employer is a Local or Public Authority or other body of the type mentioned in that provision; Supplemental Provision 12 applies where the Employer is a Local or Public Authority and this Contract is subject to the PC Regulations.

**Acceleration Quotation**

**4**

4.1

4.1.1 If the Employer wishes to investigate the possibility of achieving practical

completion before the Completion Date for the Works or a Section he shall invite

proposals from the Contractor in that regard (an ‘Acceleration Quotation’). The

Contractor on receiving such an invitation shall either:

4.1.1.1 provide an Acceleration Quotation accordingly, identifying the time

that can be saved, the amount of the adjustment to the Contract Sum

(inclusive of such amounts as are referred to in paragraph 4.1.2) and

any other conditions attached; or

4.1.1.2 explain why it would be impracticable to achieve practical completion

earlier than the Completion Date.

4.1.2 The adjustment to the Contract Sum to be specified under paragraph 4.1.1.1

shall include the amount to be paid in respect of any direct loss and/or expense

that is not included in any other Confirmed Acceptance or in any ascertainment

under clause 4.20 together with a fair and reasonable amount in respect of the

cost of preparing the quotation.

4.1.3 The Employer may on or before receipt of the quotation seek revised proposals.

4.1.4 Without affecting his obligations under clauses 2.1 and 2.3, the Contractor shall

be under no obligation to accelerate, or take any steps for that purpose, until he

receives a Confirmed Acceptance of his Acceleration Quotation under paragraph

4.3.

4.2

4.2.1 Unless otherwise agreed, the Acceleration Quotation shall be submitted in

compliance with the invitation not later than 21 days from the later of:

4.2.1.1 the date of receipt of the invitation; or

4.2.1.2 the date of receipt by the Contractor of information sufficient to enable

him to prepare the quotation.

4.2.2 The quotation shall remain open for acceptance by the Employer for not less

than 7 days from its receipt.

4.2.3 The Parties may agree to increase or reduce any of the periods referred to in

this Supplemental Provision 4; confirmation of such agreement shall be notified

to the Contractor by or on behalf of the Employer.

4.3 If the Employer wishes to accept an Acceleration Quotation, he shall within the period for acceptance confirm such acceptance by an instruction to the Contractor (a ‘Confirmed

Acceptance’) stating:

4.3.1 the adjustment of the Contract Sum (including any amounts referred to in

paragraph 4.1.2) to be made for complying with the instruction;

4.3.2 the adjustment to the time required by the Contractor for completion of the

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Works and/or Section and the resultant revised Completion Date(s) (which,

where relevant, may be a date earlier than the Date for Completion); and

4.3.3 any such conditions as are referred to in paragraph 4.1.1.1.

4.4

4.4.1 If an Acceleration Quotation is not accepted, a fair and reasonable amount shall

be added to the Contract Sum in respect of the cost of its preparation provided

that it has been prepared on a fair and reasonable basis. Non-acceptance by the

Employer of a quotation shall not of itself be evidence that the quotation was not

prepared on such a basis.

4.4.2 Unless the Employer issues a Confirmed Acceptance, neither the Employer nor

the Contractor may use the quotation for any purpose whatsoever.

**Collaborative working**

**5** 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**

**6**

6.1 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.

6.2 In addition to the specific health and safety requirements of this Contract, the Contractor undertakes to:

6.2.1 comply with any and all approved codes of practice produced or promulgated by

the Health and Safety Executive;

6.2.2 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;

6.2.3 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

6.2.4 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**

**7**

7.1 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 Completion Date or otherwise.

7.2 The Contractor shall provide details of his proposed changes, identifying them as suggested under this Supplemental Provision 7, together with his assessment of the benefit

he believes the Employer may obtain, expressed in financial terms, and a quotation.

7.3 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 Completion Date. Upon agreement, the change and the amount of any

adjustment of the Contract Sum shall be confirmed in an Employer’s instruction, together

with the share of the financial benefit to be paid to the Contractor and any adjustment to the

Completion Date.

7.4 Original proposals by the Contractor under this Supplemental Provision 7 may only be

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