

# Intermediate Building Contract 2016

## Intermediate Named Sub-Contract 2016

### JCT Fluctuations Option C

#### JCT Fluctuations Option C

(Formula adjustment)

##### Adjustment of Sub-Contract Sum or Sub-Contract Tender Sum – Formula Rules

- C.1** .1 .1 The Sub-Contract Sum or Sub-Contract Tender Sum shall be adjusted in accordance with the provisions of JCT Fluctuations Option C and the Formula Rules current at the Sub-Contract Base Date issued for use with JCT Fluctuations Option C by the JCT ('the Formula Rules') and as follows:
- .1 where the Sub-Contract is for the supply and fixing of materials or goods or the execution of work to which one or more of the Work Categories referred to in section 2, Part I of the Formula Rules applies, adjustment shall be under the formulae (but subject to rule 7) in that Part of the Rules;
  - .2 where the Sub-Contract is for the supply and fixing of materials or goods or the execution of work to which one of the formulae set out in section 2, Part III of the Formula Rules applies, adjustment shall be under the relevant formulae in that Part of the Rules.
- .2 Any adjustment under JCT Fluctuations Option C shall be to sums exclusive of VAT and nothing in JCT Fluctuations Option C shall affect in any way the operation of clause 4.4.
- .2 The Definitions in rule 3 of the Formula Rules shall apply to JCT Fluctuations Option C.
- .3 The adjustment referred to in JCT Fluctuations Option C shall be effected (after taking into account any Non-Adjustable Element stated in the Sub-Contract Documents) in all payments made under the provisions of the Conditions.
- .4 The amount of any Non-Adjustable Element shall be that stated in the Sub-Contract Documents, by reference to this paragraph C.1.4.
- .5 If any correction of amounts of adjustment under JCT Fluctuations Option C included in previous payments is required following any operation of rule 5 of the Formula Rules, such correction shall be given effect in the next payment to be made.

##### Interim valuations

- C.2** Interim valuations shall be made before the issue of each interim payment and any adjustment under JCT Fluctuations Option C shall be effected in all such payments. The Sub-Contractor shall be entitled to make to the Contractor any representations on the value of the work to which formula adjustment is to be made.

##### Fluctuations – articles manufactured outside the United Kingdom

- C.3** For any article to which rule 4(ii) of the Formula Rules applies the Sub-Contractor shall set out in the Sub-Contract Documents, by reference to this paragraph C.3, the market price of the article in sterling (that is the price delivered to the site) current at the Sub-Contract Base Date. If after that date the market price of the article inserted in that list increases or decreases then the net amount of the difference between the cost of purchasing at the market price inserted in such list and the market price payable by the Sub-Contractor and current when the article is bought shall, as the case may be, be paid to or allowed by the Sub-Contractor. The reference to market price in this paragraph C.3 shall be construed as including any duty or tax (other than any VAT which is treated, or is capable of being treated, as input tax by the Sub-Contractor) by whomsoever payable under or by virtue of any Act of Parliament on the import, purchase, sale, appropriation or use of the article specified as aforesaid.

#### **Power to agree – Contractor and Sub-Contractor**

- C.4** The Contractor and the Sub-Contractor may agree any alteration to the methods and procedures for ascertaining the amount of formula adjustment to be made under JCT Fluctuations Option C, and the amounts ascertained after the operation of such agreement shall be deemed for all the purposes of this Sub-Contract to be the amount of formula adjustment payable to or allowable by the Sub-Contractor in respect of the provisions of JCT Fluctuations Option C. Provided always:
- .1 that no alteration to the methods and procedures shall be agreed unless it is reasonably expected that the amount of formula adjustment so ascertained will be the same or approximately the same as that ascertained in accordance with Part I or Part III of section 2 of the Formula Rules whichever is applicable; and
  - .2 that any agreement under this paragraph C.4 shall not have any effect on the determination of any adjustment payable by the Sub-Contractor to any sub-subcontractor.

#### **Position where Monthly Bulletins are delayed, etc.**

- C.5**
- .1 If at any time prior to the issue of the Final Payment Notice formula adjustment is not possible because of delay in, or cessation of, the publication of the Monthly Bulletins, adjustment of the Sub-Contract Sum or Sub-Contract Tender Sum shall be made in each interim payment during such period of delay on a fair and reasonable basis.
  - .2 If publication of the Monthly Bulletins is recommenced at any time prior to the issue of the Final Payment Notice, the provisions of JCT Fluctuations Option C and the Formula Rules shall apply for each Valuation Period as if no delay or cessation had occurred and the adjustment under JCT Fluctuations Option C and the Formula Rules shall be substituted for any adjustment under paragraph C.5.1.
  - .3 During any such period of delay or cessation the Contractor and the Sub-Contractor shall operate such parts of JCT Fluctuations Option C and the Formula Rules as will enable the amount of formula adjustment due to be readily calculated upon recommencement of publication of the Monthly Bulletins.

#### **Formula adjustment – failure to complete**

- C.6**
- .1 .1 If the Sub-Contractor fails to complete the Sub-Contract Works within the period or periods for completion or any revised period or periods as provided for in clauses 2.12 and 2.13, formula adjustment of the Sub-Contract Sum or Sub-Contract Tender Sum under JCT Fluctuations Option C shall be effected in all payments issued after the expiry of such period or periods (or any revision) by reference to the Index Numbers applicable to the Valuation Period in which the aforesaid date of expiry (or any revision) falls.
  - .2 If for any reason the adjustment included in the amount of any interim payment which is or has been issued after the date of failure by the Sub-Contractor to complete as notified by the Contractor under clause 2.15 is not in accordance with paragraph C.6.1.1, such adjustment shall be corrected to comply with that paragraph.
  - .2 Paragraph C.6.1 shall not be applied unless:
    - .1 the printed text of clauses 2.12 and 2.13 is unamended and forms part of the Conditions; and
    - .2 the Contractor has, in respect of every notification by the Sub-Contractor under clause 2.12, given his decision as to such revision, if any, of the period or periods for completion of the Sub-Contract Works as he considers to be in accordance with that clause.

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## Particulars for JCT Fluctuations Option C

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**Note: An asterisk \* indicates text that is to be deleted as appropriate.**

C.1 JCT Formula Rules are those current at the Sub-Contract Base Date

C.1.4 Non-Adjustable Element: \_\_\_\_\_% (not to exceed 10%)

C.3 Fluctuations – articles manufactured outside the United Kingdom

List of market prices of such articles which the Sub-Contractor is required by the Tender Documents to purchase and import (see JCT Formula Rules, rule 4(ii)):

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### Formula Rules

rule 3 Definition of Balance of Adjustable Work – the work which is subject to formula adjustment but which is neither allocated to a Work Category, nor is Specialist Engineering Works:

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rule 3 Base Month: \_\_\_\_\_

rule 8 Method of dealing with 'Fix-Only' work:

- \* rule 8(i)/
- \* rule 8(ii)/
- \* rule 8(iii)

rule 11a Work Categories applicable to the Sub-Contract Works and classification of items as  
or 11b referred to in rule 11a or rule 11b<sup>[1]</sup>:

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[1] Under rule 7 of the Formula Rules, adjustment of structural steelwork shall only be effected under Part III rule 63 notwithstanding that Part I (Work Categories) applies to formula adjustment for the value of the Sub-Contract other than structural steelwork.

rule 43 Weightings of labour and materials – electrical installations or heating, ventilating and air conditioning installations or sprinkler installations:

	Labour	Materials
Electrical _____	%	%
Heating, ventilating and air-conditioning _____	%	%
Sprinkler _____	%	% <sup>[2]</sup>

rule 55a The separate materials index for sprinkler installations

\* will/will not apply

rule 61a Lift installations. Adjustment shall be effected

\* upon completion of manufacture of all fabricated components/

\* upon delivery to site of all fabricated components

rule 64 Structural steelwork installations:

(i) Average price per tonne of steel delivered to fabricator's works

£ \_\_\_\_\_

(ii) Average price per tonne for erection of steelwork

£ \_\_\_\_\_

rule 70 Catering equipment installations:

Items <sup>[3]</sup>	materials and shop fabrication %	supply of factor items %	site installation %

[2] The weightings for sprinkler installations shall be inserted where weightings different from those for heating, ventilating and air conditioning are to apply. See rule 55.

[3] List each item and apportion the value.