

# Contents

	<b>Agreement</b>	<b>1</b>
	<b>Recitals</b>	<b>2</b>
	<b>Articles</b>	<b>4</b>
1	Contractor's obligations	
2	Target Cost	
3	Payment by the Employer	
4	Collaborative working	
5	Employer's Agent	
6	Employer's Requirements and Contractor's Proposals	
7	CDM Regulations – Principal Designer and Principal Contractor	
8	Building Regulations – Principal Designer and Principal Contractor	
9	Adjudication	
10	Arbitration	
11	Legal proceedings	
	<b>Contract Particulars</b>	<b>7</b>
	<b>Attestation</b>	<b>24</b>
	<b>Conditions</b>	<b>31</b>
<b>Section 1</b>	<b>Definitions and Interpretation</b>	<b>31</b>
	<b>Definitions</b>	
1.1	Definitions	
	<b>Interpretation</b>	
1.2	Reference to clauses etc.	
1.3	Agreement etc. to be read as a whole	
1.4	Headings, references to persons, legislation etc.	
1.5	Reckoning periods of days	
1.6	Contracts (Rights of Third Parties) Act 1999	
1.7	Notices and other communications	
1.8	Effect of Final Statement	
1.9	Effect of payments other than payment of Final Statement	
1.10	Consents and approvals	
1.11	Applicable law	
<b>Section 2</b>	<b>Carrying out the Works</b>	<b>39</b>
	<b>Contractor's Obligations</b>	
2.1	General obligations	
2.2	Materials, goods and workmanship	
	<b>Possession</b>	
2.3	Date of Possession – progress	
2.4	Deferment of possession	
2.5	Early use by Employer	
2.6	Work not forming part of the Contract	
	<b>Supply of Documents, Setting Out etc.</b>	
2.7	Contract Documents	
2.8	Construction information	
2.9	Site boundaries	

- Discrepancies and Divergences**
- 2.10 Divergence in Employer's Requirements and definition of site boundary
  - 2.11 Preparation of Employer's Requirements
  - 2.12 Employer's Requirements – inadequacy
  - 2.13 Notice of discrepancies etc.
  - 2.14 Discrepancies in documents
  - 2.15 Divergences from Statutory Requirements
  - 2.16 Emergency compliance with Statutory Requirements

- Design Work – liabilities and limitation**
- 2.17 Design Work – liabilities and limitation

- Fees, Royalties and Patent Rights**
- 2.18 Fees or charges legally demandable
  - 2.19 Patent rights and royalties – Contractor's indemnity
  - 2.20 Patent rights – Instructions

- Unfixed Materials and Goods – property, risk etc.**
- 2.21 Materials and goods – on site
  - 2.22 Materials and goods – off site

- Adjustment of Completion Date**
- 2.23 Related definitions and interpretation
  - 2.24 Notice by Contractor of delay to progress
  - 2.25 Fixing Completion Date
  - 2.26 Relevant Events

- Practical Completion, Lateness and Liquidated Damages**
- 2.27 Practical completion
  - 2.28 Non-Completion Notice
  - 2.29 Payment or allowance of liquidated damages

- Partial Possession by Employer**
- 2.30 Contractor's consent
  - 2.31 Practical completion date
  - 2.32 Defects etc. – Relevant Part
  - 2.33 Insurance – Relevant Part
  - 2.34 Liquidated damages – Relevant Part

- Defects**
- 2.35 Schedules of defects and instructions
  - 2.36 Notice of Completion of Making Good

- Contractor's Design Documents**
- 2.37 As-built Drawings
  - 2.38 Copyright and use

### **Section 3 Control of the Works**

51

- Access and Representatives**
- 3.1 Access for Employer's Agent
  - 3.2 Site Manager

- Sub-Contracting**
- 3.3 Consent to sub-contracting
  - 3.4 Conditions of sub-contracting

- Employer's Instructions**
- 3.5 Compliance with instructions
  - 3.6 Non-compliance with instructions
  - 3.7 Instructions other than in writing
  - 3.8 Provisions empowering instructions
  - 3.9 Changes – definition
  - 3.10 Instructions requiring Changes
  - 3.11 Postponement of work
  - 3.12 Inspection – tests
  - 3.13 Work not in accordance with the Contract
  - 3.14 Workmanship not in accordance with the Contract
  - 3.15 Antiquities, asbestos, contaminated material and unexploded ordnance

3.16	<b>CDM Regulations and Part 2A of the Building Regulations</b> CDM Regulations and Part 2A of the Building Regulations	
<b>Section 4</b>	<b>Payment</b>	<b>57</b>
	<b>Target Cost and Adjustments</b>	
4.1	Adjustment only under the Conditions	
4.2	Items included in adjustments	
4.3	Taking adjustments into account	
	<b>Amounts and Calculation</b>	
4.4	Amounts payable	
4.5	Allowable Cost	
4.6	Contract Fee	
4.7	Sharing differences from the Adjusted Target Cost	
	<b>Taxes</b>	
4.8	VAT	
4.9	Construction Industry Scheme (CIS)	
	<b>Payments and Notices – general provisions</b>	
4.10	Advance payment	
4.11	Interim Payments – Contractor's Interim Payment Applications, due dates and Payment Notices	
4.12	Relevant statement and Final Payment Notice	
4.13	Interim and final payments – final date and amount	
4.14	Pay Less Notices and other general provisions	
4.15	Contractor's right of suspension	
	<b>Interim Payments – calculation of sums due</b>	
4.16	Gross Valuation	
4.17	Sums due as Interim Payments	
	<b>Retention</b>	
4.18	Rules on treatment of Retention	
4.19	Retention Bond	
4.20	Retention – amounts and periods	
	<b>Final Statement and Final Payment</b>	
4.21	Final Statement and Final Payment	
<b>Section 5</b>	<b>Injury, Damage and Insurance</b>	<b>64</b>
	<b>Personal Injury and Property Damage</b>	
5.1	Contractor's liability – personal injury or death	
5.2	Contractor's liability – loss, injury or damage to property	
5.3	Loss or damage to Existing Structures or their contents	
	<b>Insurance against Personal Injury and Property Damage</b>	
5.4	Contractor's Insurance of its liability	
5.5	Contractor's insurance of liability of Employer	
5.6	Excepted Risks	
	<b>Insurance of the Works and Existing Structures</b>	
5.7	Insurance Options and period	
5.8	Related definitions	
5.9	Sub-contractors – Specified Perils cover under Works Insurance Policies	
5.10	Terrorism Cover – policy extensions and premiums	
5.11	Terrorism Cover – non-availability – Employer's options	
5.12	Evidence of insurance	
5.13	Loss or damage – insurance claims and reinstatement	
5.14	Loss or damage to Existing Structures – right of termination	
	<b>Professional Indemnity Insurance</b>	
5.15	Obligation to insure	
5.16	Increased cost and non-availability	

5.17	<b>Joint Fire Code – compliance</b>	
5.18	Application of clauses	
5.19	Compliance with Joint Fire Code	
5.20	Breach of Joint Fire Code – Remedial Measures	
	Joint Fire Code – amendments/revisions	
<b>Section 6</b>	<b>Assignment, Performance Bonds and Guarantees, Third Party Rights and Collateral Warranties</b>	<b>72</b>
	<b>Assignment</b>	
6.1	General	
6.2	Rights of enforcement	
	<b>Performance Bonds and Guarantees</b>	
6.3	Performance Bonds and Guarantees	
	<b>Clauses 6.7 to 6.11 – Preliminary</b>	
6.4	Rights Particulars	
6.5	Notices	
6.6	Execution of Collateral Warranties	
	<b>Third Party Rights from Contractor</b>	
6.7	Rights for Purchasers and Tenants	
6.8	Rights for a Funder	
	<b>Collateral Warranties from Contractor</b>	
6.9	Contractor's Warranties – Purchasers and Tenants	
6.10	Contractor's Warranty – Funder	
	<b>Third Party Rights and Collateral Warranties from Sub-Contractors</b>	
6.11	Third Party Rights and Collateral Warranties from Sub-Contractors	
<b>Section 7</b>	<b>Termination</b>	<b>76</b>
	<b>General</b>	
7.1	Meaning of insolvency	
7.2	Notices under section 7	
7.3	Other rights, reinstatement	
	<b>Termination by Employer</b>	
7.4	Default by Contractor	
7.5	Insolvency of Contractor	
7.6	Corruption	
7.7	Consequences of termination under clauses 7.4 to 7.6	
7.8	Employer's decision not to complete the Works	
	<b>Termination by Contractor</b>	
7.9	Default by Employer	
7.10	Insolvency of Employer	
	<b>Termination by either Party</b>	
7.11	Termination by either Party	
	<b>Consequences of Termination under clauses 7.9 to 7.11, etc.</b>	
7.12	Consequences of Termination under clauses 7.9 to 7.11, etc.	
	<b>Termination Payment – final date, notices and amount</b>	
7.13	Termination Payment – final date, notices and amount	
<b>Section 8</b>	<b>Settlement of Disputes</b>	<b>84</b>
	<b>Notification and negotiation of disputes</b>	
8.1	Notification and negotiation of disputes	
	<b>Mediation</b>	
8.2	Mediation	
	<b>Adjudication</b>	
8.3	Adjudication	

	<b>Arbitration</b>
8.4	Conduct of arbitration
8.5	Notice of reference to arbitration
8.6	Powers of Arbitrator
8.7	Effect of award
8.8	Appeal – questions of law
8.9	Arbitration Act 1996

	<b>Schedules</b>	<b>86</b>
<b>Schedule 1</b>	<b>Adjusted Target Cost</b>	<b>86</b>
	Part 1: General	
	Part 2: Changes and the Valuation Rules	
	Part 3: Loss and Expense	
<b>Schedule 2</b>	<b>Allowable Cost</b>	<b>90</b>
	Part 1: General	
	Part 2: Sub-Contract Work	
	Part 3: Contractor's Management and Design Staff on Site etc.	
	Part 4: Contractor's Direct Workforce	
	Part 5: Materials and Goods provided by the Contractor	
	Part 6: Plant, Services and Consumable Stores provided by the Contractor	
	Part 7: Sundry Costs incurred by the Contractor	
<b>Schedule 3</b>	<b>Adjustment of Contract Fee (Fixed Sum only)</b>	<b>96</b>
<b>Schedule 4</b>	<b>Design Submission Procedure</b>	<b>97</b>
<b>Schedule 5</b>	<b>Supplemental Provisions</b>	<b>98</b>
	Part 1	
	Part 2	
<b>Schedule 6</b>	<b>Insurance Options</b>	<b>104</b>
	<b>Insurance Option A</b>	
	(New Buildings – All Risks Insurance of the Works by the Contractor)	
	<b>Insurance Option B</b>	
	(New Buildings – All Risks Insurance of the Works by the Employer)	
	<b>Insurance Option C</b>	
	(Joint Names Insurance by the Employer of Existing Structures and Works in or Extensions to them)	
<b>Schedule 7</b>	<b>Code of Practice</b>	<b>107</b>
<b>Schedule 8</b>	<b>Third Party Rights</b>	<b>108</b>
	Part 1: Third Party Rights for Purchasers and Tenants	
	Part 2: Third Party Rights for a Funder	
<b>Schedule 9</b>	<b>Forms of Bonds</b>	<b>113</b>
	Part 1: Advance Payment Bond	
	Part 2: Bond in respect of payment for off-site materials and/or goods	
	Part 3: Retention Bond	