

Project Control & Contract Administration

Session 7

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Last session....

- Session 6 – E Procurement & Tendering....
- Reminder – course work (10th January 2023)
 - How are you getting on?

Contracts and contract procedure

- JCT & NEC
 - JCT contracts 39%
 - NEC contracts 30%
- Main types of JCT & NEC contracts used (2021):
 - Traditional Lump Sum Contract
 - Measurement Contracts
 - Cost reimbursement Contracts
 - Design & Build Contracts (in a number of variant forms)

Standard forms of Contract

- UK industry contracts are not bespoke documents, instead we now use standard forms.
- Who drafts the standard forms of contract?
- Generally standard forms of contract should not be altered or amended!
- Can lead to future problems and legal action.
- There is however, provision in standard forms to adapt them to suit projects ('articles of agreement' & 'appendices')
- Construction contracts can be lengthy documents, in practice we only become familiar with key clauses.
- Several bodies publish standard forms of contract and we will look at the most common over the next couple of sessions....

Popular forms of Contract in use - JCT

- JCT 80+ years
- RIBA, CIOB & RICS members of JCT plus others
- Flagship contract is JCT Standard Building Contract (SBC) 2016 edition (known as JCT(16))

JCT 2016 changes:

Fair Payment Principles

CDM 2015

BIM changes

Collateral Warranties & Performance

Bonds



2011 'mediation ought to be sought', 2016 'as the very first option'

2016 'defects liability period' became 'defects rectification period'
'nominated SC's' has become 'named SC's'

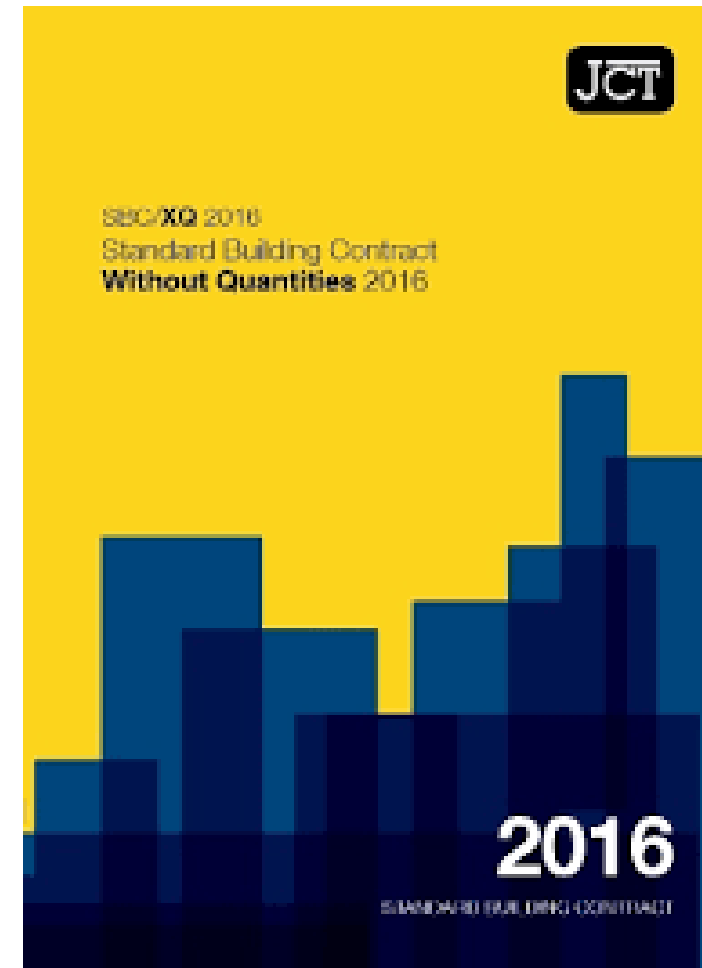


All JCT Construction Contracts have a common sections layout:

1. Definitions & Interpretations
2. Carrying out the Works
3. Control of the Works
4. Payment
5. Variations
6. Injury & Damage Insurance
7. Assignment, Third Parties Rights & Collateral Warranties
8. Termination
9. Settlement of Disputes

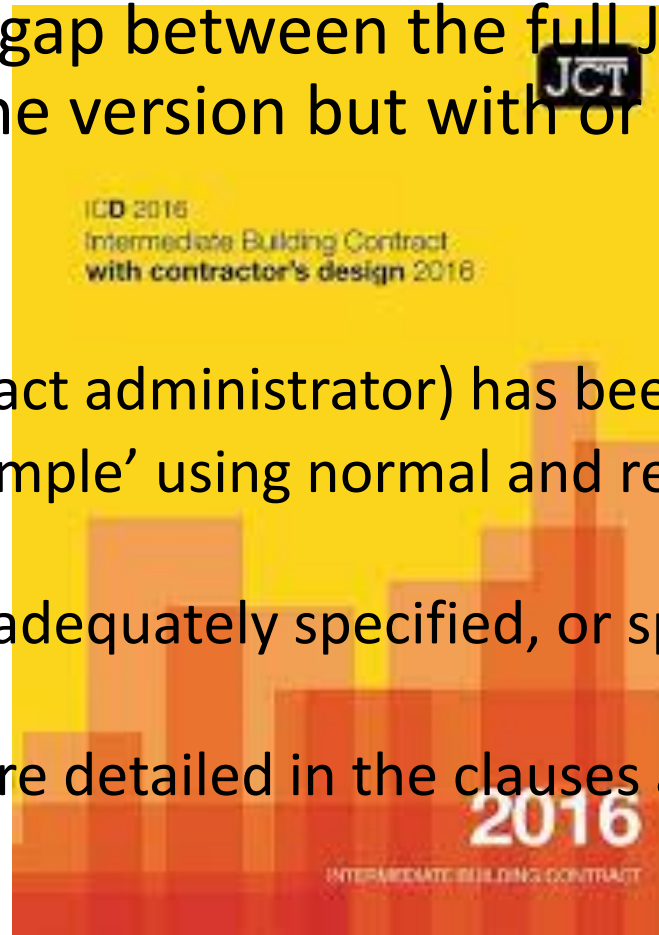
JCT SBC 2016

- **With Quantities** – design team have fully detailed the project and a full BofQ's prepared. (Can get CDP but contractors design liability insurance needs to be in place.)
- **Without Quantities** – used when no BofQ's prepared, probably due to lack of time. (still require drawing & spec). Schedule of rates required to value variations.
- **With Approximate Quantities (still based on NRM2)** – similar to with quants, but used when an early start is required meaning a full BofQ's cannot be produced. No 'lump sum price' can be given by the MC. Only an anticipated price. As contract proceeds work is completely remeasured and the payments to the MC are based on the rates in the approximate BofQ's



JCT Intermediate Building Contract (IC)

- Tried to bridge the gap between the full JCT SBC 2016 & the Minor works Contract. (one version but with or without quants)
- Used when:
 - Agreed Lump Sum
 - Architect (or contract administrator) has been appointed to advise on terms
 - Building work is 'simple' using normal and recognised trades (no complex M&E)
 - Work needs to be adequately specified, or specified plus BofQ's prior to tender.
 - The contract is more detailed in the clauses and coverage of the clauses than the JCT (MW)



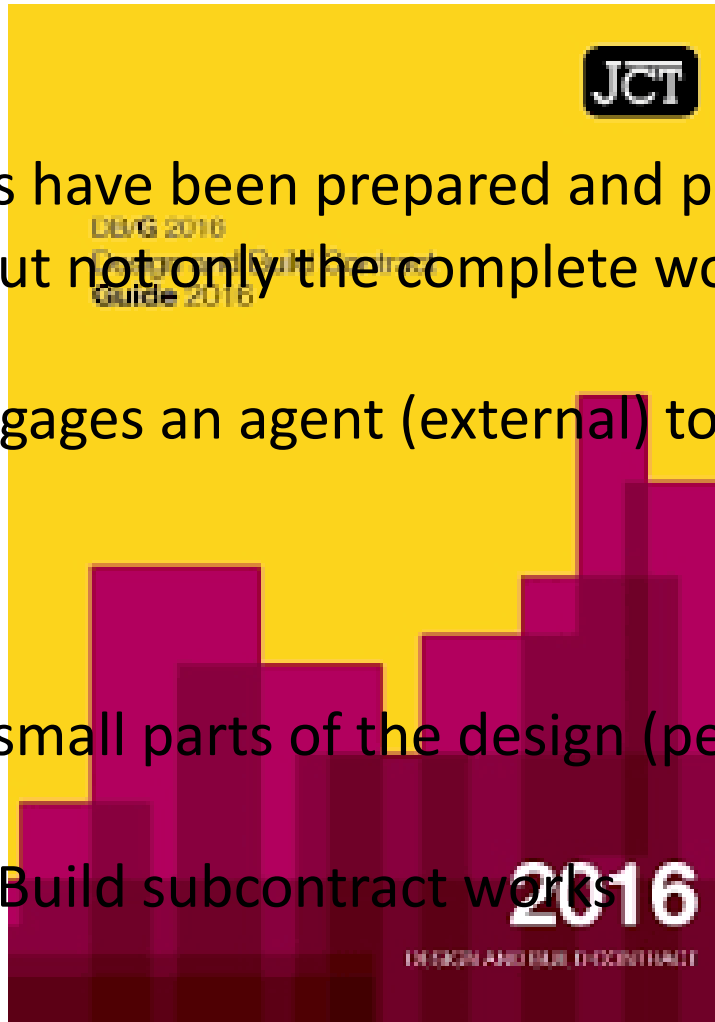
JCT Minor Works Building Contract (MW)

- The most widely used form within the JCT family (small value contracts)
- Use when:
 - Simple work involved
 - Work is design by employer (to include: drawings, spec, work schedule)
 - Architect is to administer contract
- Don't use when:
 - BofQ's are required
 - Named specialist SC's
 - Where contractor is to design (but could use JCT MW WCD if 'parts' are to be designed by MC!)



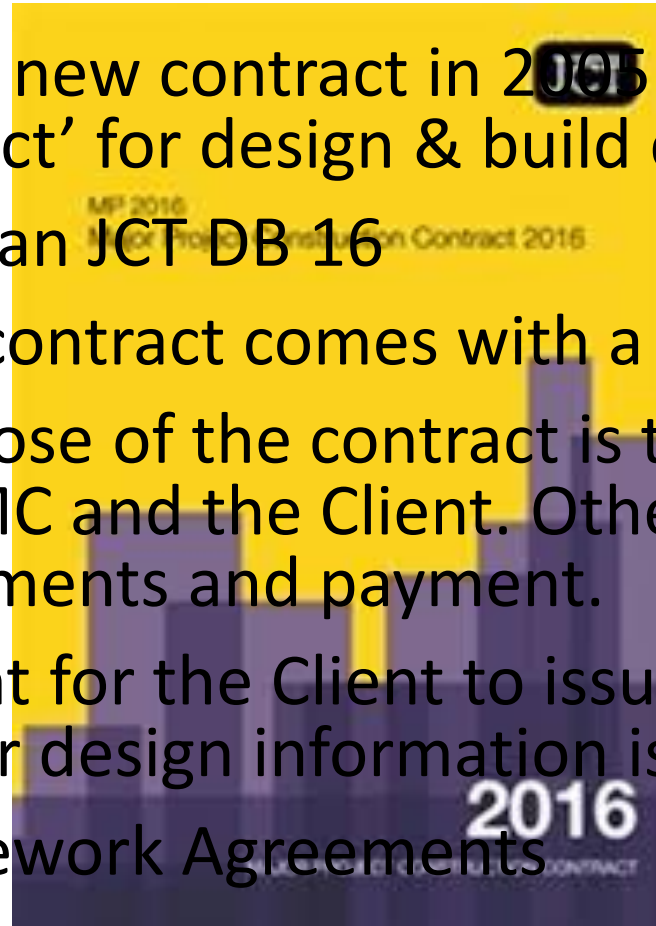
JCT Design & Build Contract (DB)

- Appropriate
 - Employers requirements have been prepared and provided for the contractor
 - Where the MC carries out not only the complete works but also the design works
 - Where the employer engages an agent (external) to administer the contract conditions
- Not Appropriate when:
 - Contractor is limited to small parts of the design (perhaps use different JCT contract)
 - JCT DBSub for design & Build subcontract works



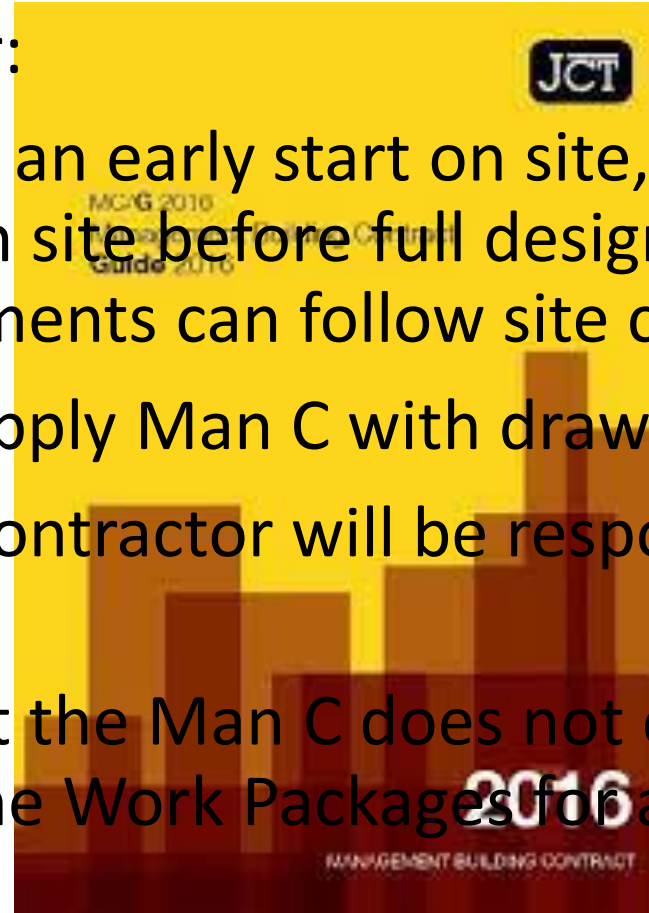
Worth a Mention: JCT Major Project Contract (MP)

- JCT launched a new contract in 2016 in response to demand for a 'simpler contract' for design & build contracts
- 80% shorter than JCT DB 16
- However, this contract comes with a 24 page set of guidance notes!
- The main purpose of the contract is to have minimum contact between the MC and the Client. Other than: possession of the site, design requirements and payment.
- No requirement for the Client to issue any other information to the MC, as all other design information is now produced by the MC
- Used for Framework Agreements



JCT Management Building Contract (MC)

- Appropriate for:
- Large scale and an early start on site, employer responsible for design but can start on site before full design is completed i.e. specialist design requirements can follow site commencement by Man C
- Employer to supply Man C with drawings and specification
- Management contractor will be responsible for administering the contract.
- Remember that the Man C does not carry out any construction work but manages the Work Packages for a fee



What's missing from JCT MP 16?

- No Named Sub-contractors
- No Payments for materials (on or off site)
- No provision for fluctuations
- No retention
- No 'real' mechanism for variations
- No insurance requirements
- No provisions for VAT

Next session....

- NEC form of contracts: very unlike JCT....
 1. Priced contract
 2. Target contract
 3. Cost reimbursable contract
 4. Management contract
 5. Short contract
 6. Term service contract
 7. Framework contract



Your Thoughts....

- What is the main difference between a construction contract that is 'under seal' and a contract that is 'under hand' and what would this mean for a construction project?
- Is the JCT MW 16 contract for use with public or private works, or both?