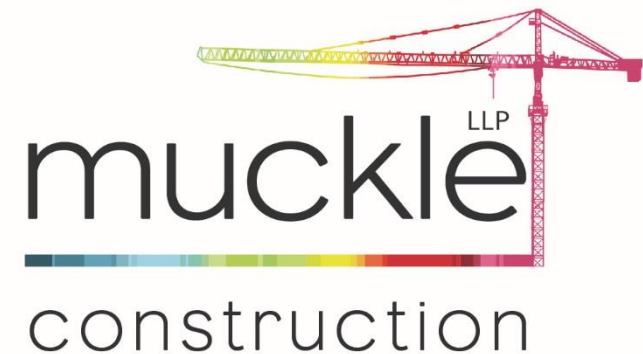


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JCT 2016
Key Changes

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Introduction



- JCT From 1932 to 2011
- Constantly updated and revised
- September 2016 latest release of 2016 suite (D&B)
- Minor Works released in June 2016
- Contracts and Sub-contracts also available
- ‘Traditional’ and Scottish versions released in stages but main Scottish versions not yet fully available

Focus on the D&B form



- Why change it?
 - consolidation exercise
 - evolution not revolution
 - no wholesale or dramatic changes

Key Issues



- Payment
- Loss and Expense Claims
- Insurance
- Security Documents
- Other Changes

Payment

- Most substantial structural change
- Simplification of additions / deductions to the Contract Sum
- Establishes an **Interim Valuation Date**
 - 7 days after this is the Due Date
- Alternative A (Stage Payments) and B (Monthly Payments) remain

Payment (cont)



- Final date for all payments is 14 days from due date
- Monthly Payment cycle after Practical Completion (previously 2 months)
- ‘Simplification’ of Fluctuation Options – Only Option A is included

Loss and Expense Claims

- New procedure for prompt assessment payment
- Notify the Employer “*as soon as it becomes (or should have become) reasonably apparent*” that Works would be affected by a ‘Relevant Matter’
- ‘Relevant Matters’ remain the same

Loss and Expense Claims (cont)

- Contractor must provide an initial assessment of loss and / or expense incurred
- Contractor must provide monthly updates to allow the Employer to ascertain the final amount of loss and expense
- Notification – a condition precedent?
 - employer has to notify the Contractor of loss and / or expense within 28 days of the initial assessment

Insurance



- 2011 Options – A,B and C are generally unchanged
- Option C is amended
 - requires the Employer to insure
 - a) existing structures for ‘Specific Perils’
 - b) the Works on an ‘All Risks’ basis
- But introduction of a Replacement Schedule selected using the Contract Particulars

Insurance (cont)



- Lower value – Contractor's Public liability cover?
- Higher value – Tiered cover?
- Higher value – below full reinstatement value?
- 7 day requirement to provide documentary evidence of insurance cover

Security Documents



- Clause 7.3 – option of a Parent Company Guarantee and / or a Performance Bond
- Introduction of ‘Rights Particulars’ document (available from JCT)
- Flexibility of Third Party Rights from sub-contractors
- Beware of the Net Contribution Clause!

Other Change



- Incorporation of CDM changes
- Copyright licence (now assignable and can be sub-licensed)
- Compliance with Public Contract Regulations 2015
- Compulsory full time site manager
- Termination – Public Contracts Regulations
- Terminology

Summary



- No affect on risk profile
- Allows greater flexibility to the parties
- Still no single point of responsibility for design (no novation provisions)
- Still no cap on Contractor's liability
- Still silent on ground conditions
- Evolution not revolution

Contact me



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Questions?





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construction