

# JCT STANDARD BUILDING CONTRACT 2016 CHANGES

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On 31 October 2016 the JCT published a new edition of its Standard Building Contract with the changes listed below. The update including new definitions and The Construction Design and Management Regulations (CDM) are now incorporated into the construction contract.

## 1. PAYMENT PROVISIONS (SIMPLIFIED):

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- ▶ Combined Payment Notice and Pay Less Notice and final dates for payment.
- ▶ Interim valuation dates which apply throughout the construction period and the rectification period payments now will be every month rather than every two months.
- ▶ 14-day period applies to both the period of time between the due date and the final date for payment for interim and final payments.
- ▶ New procedure for prompt assessment within 28 days by the employer of loss and expense claims and 14 days from each subsequent monthly update from the Contractor.
- ▶ Fluctuations Options A, B and C were made more flexible and are set out and selected in the Contract Particulars. Options B and C are no longer attached to the contract but are still available to use from the JCT website and the contract now allows for an alternative bespoke cost adjustment formula.

## 2. EXISTING STRUCTURE AND INSURANCE

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A new insurance Option C available to permit alternative solutions to the problems and allows the parties to set out their own bespoke insurance arrangements.

It is also optional to include an optional product liability insurance instead of professional indemnity insurance (the required type is to be specified in the Subcontract Particulars).

## 3. INTERIM VALUATION DATE (IVD)

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Introduced in all editions to permit an option to specify it prior to the commencement of work on site (must be specified in the Contract Particulars regardless of A or B option applies).

The due date for payment is 7 days after the IVD, or if the contractor's interim payment application is submitted later than the IVD, 7 days after the employer's receipt of the interim payment application.

## 4. NEW LOSS AND EXPENSE ASCERTAINMENT PROCEDURE

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A new procedure that requires for the prompt notification of loss and expense claims and submission of supporting information by Subcontractors. The contractor has 42 days to carry out an initial assessment of the loss and expense incurred and 28 days to carry out further assessments following the submission of any supporting information by the Subcontractor.

## 5. CONSENT AND APPROVALS

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Requires that consent or approval of either the employer or the contractor shall not be unreasonably delayed or withheld (except consent to assignment). Those seeking to amend must be mindful of the above requirement.

## 6. THIRD PARTY RIGHTS AND COLLATERAL WARRANTIES

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- ▶ There is now ability to add personalised documentation detailing particulars.
- ▶ Now includes a net contribution clause however, in many cases, the Contract is amended to give the Contractor total design responsibility, so a net contribution clause will not be appropriate in those circumstances and will need to be deleted (if the Employer chooses to use the JCT Third Party Rights schedules).
- ▶ Option for Subcontractors to provide rights to beneficiaries either by way of collateral warranties or third party rights.
- ▶ States the parties' rights to terminate and vary the Subcontract where third party rights have been granted.

## 7. COPYRIGHT LICENCE

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Expressly assignable to any owner from time to time of the works and may be sub-licensed to any owner or tenant of the Works.

## 8. SITE MANAGER

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The Contractor is required to appoint a full time site manager not just a person in charge and need consent of the Employer to approve the identity of the site manager and any replacement.

## 9. PUBLIC CONTRACTS REGULATIONS 2015 – REFLECTS IN JCT

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- ▶ The new provisions allow public authorities to comply with requests made under the Freedom of Information Act 2000.
- ▶ Fair Payment principles and 30-day payment rule.
- ▶ Incorporation of Building Information Modelling (BIM) which leaves parties to decide upon the terms and develop their own bespoke documentation.

## 10. PERFORMANCE BONDS AND PARENT COMPANY GUARANTEES (PCGS)

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Requirement for the contractor to provide a performance bond or/and a PCG on the execution of the contract where the contract particulars allow for optional expiry dates of the bonds being either;

- ▶ The date of practical completion
- ▶ 2 weeks after the expiry of the rectification period
- ▶ The date for issue of the notice of completion of making good