



Annual review of construction contracts: Summary of changes

In 2018 we committed to an annual review of our construction contracts to ensure they continue to be fit for purpose and meet our needs and those of our suppliers. The annual review is an opportunity for industry to work with us to not only get better, fairer contracts, but to build stronger commercial relationships that support a thriving and sustainable construction sector.

This is our third review of our construction contracts since 2018 and this year we focused on some of the key pain points for the industry including:

- » Introducing a fixed liability cap
- » Updating our warranty schedule
- » Updating our contracts to reflect the impacts of COVID-19

Our annual review aligns with the principles of the Construction Sector Accord by being transparent on the value and allocation of risk and working collaboratively and inclusively with the sector. During the review we consulted with key internal and external stakeholder including our Construction Directory members, industry bodies and external consulting firms such as Vertans, Structural Engineers, Architects and Mechanical Engineers.

Summary of key changes

The table below provides a summary of some of the key changes and the intended outcomes from those changes.

Area	Affected contracts	Change for 2021
Liability cap	Major Works Medium Works Minor Works	Introducing a government-first standardised liability cap for all construction contracts
Warranty schedule	Major Works Medium Works Minor Works	Majorly updating to align with what is currently available in the market, rationalising and removing duplicated items
Weathertightness warranties	Major Works Medium Works Minor Works	Removing the requirement for subcontractor weathertightness warranties

Other key changes

Area	Affected contracts	Change for 2021
Appendix E – Environmental Requirements	Major Works	Removing reference to Greenstar
Insurance	Major Works Medium Works Minor Works	Tidying up the operative insurance clauses to ensure they are clear, concise, and easily to understand
Design Requirements	Major Works Medium Works Minor Works	Amending contracts to include reference to applicable property design standards
Valuing variations	Major Works	Amending contract to align with position in RFT/ Schedule of Prices
Award letter	Major Works	Minorly updating wording
Building consents etc. – obligation to obtain	Major Works	Clarifying which party obtains consents
Contract price summary	Medium Works	Removing
PI insurance	Medium Works	Adding a field in part one to identify which design elements contractors are responsible for and when PI insurance is or is not required
Offsite materials payments	Medium Works	Adding offsite materials provisions
Cost reimbursement	Medium Works	Providing cost reimbursement as an option
Signing blocks	Major Works Medium Works	Updating signing blocks in Major and Medium Works Contracts
Order of precedence	Medium Works Minor Works	Amending Medium and Minor Works contracts so Specifications take precedence over Drawings to ensure consistency across our suite of construction contracts