
Graduate Certificate in Construction Law (United Kingdom)

Construction Contracts

Acceleration Clause a provision in a construction contract that allows the contractor to complete the work in a shorter period than originally specified, often in exchange for a bonus or incentive payment. Related terms include liquidated damages, which are penalties for failing to meet the project deadline. In the context of a construction contract, an acceleration clause can be beneficial for both parties, as it allows the contractor to earn more money and the employer to receive the finished project sooner.

Acceptance Certificate a document issued by the employer or their representative, confirming that the work has been completed to their satisfaction. This certificate is often a condition precedent to the final payment being made to the contractor. The acceptance certificate is usually issued after the contractor has completed all the work, including any defects or snagging lists.

Adjudication a process of dispute resolution in which an independent third party, known as an adjudicator, makes a decision that is binding on the parties. Adjudication is often used in construction contracts to resolve disputes quickly and efficiently. In the United Kingdom, adjudication is governed by the Housing Grants, Construction and Regeneration Act 1996. The adjudicator's decision is usually enforceable through the courts.

Advance Payment a payment made by the employer to the contractor before the work has been completed, often to cover the cost of materials or equipment. Advance payments are usually made at the beginning of the project and are then deducted from the final payment. This type of payment can help the contractor to finance the project and ensure that the work is completed on time.

Arbitration a process of dispute resolution in which an independent third party, known as an arbitrator, makes a decision that is binding on the parties. Arbitration is often used in construction contracts to resolve disputes that are too complex for adjudication. The arbitrator's decision is usually final and binding on the parties.

Bonds a type of security that is often required in construction contracts to guarantee the contractor's performance. There are different types of bonds, including performance bonds, which guarantee that the contractor will complete the work, and payment bonds, which guarantee that the contractor will pay their subcontractors and suppliers.

Building Information Modelling (BIM) a digital process that is used to create and manage building designs and constructions. BIM is often used in construction projects to improve communication and collaboration between the different parties involved. BIM can help to reduce errors and delays and improve the overall quality of the project.

Certificate of Completion a document issued by the contractor or their representative, confirming that the work has been completed. The certificate of completion is usually issued after the contractor has completed

all the work, including any defects or snagging lists.

Certificate of Non-Completion a document issued by the employer or their representative, confirming that the work has not been completed. This certificate is often used to withhold payment from the contractor until the work is completed. The certificate of non-completion can be used to terminate the contract if the contractor fails to complete the work.

Collateral Warranties a type of warranty that is often required in construction contracts to guarantee the contractor's performance. Collateral warranties are usually provided by the contractor to the employer or other third parties, such as funders or investors. This type of warranty can provide additional protection for the employer and other parties involved in the project.

Completion Date the date by which the contractor is required to complete the work. The completion date is often specified in the contract and is a critical factor in determining the timely completion of the project. The contractor may be subject to liquidated damages if they fail to meet the completion date.

Conditions of Contract the terms and conditions that govern the relationship between the employer and the contractor. The conditions of contract are usually set out in the contract document and may include provisions for payment, time, quality, and dispute resolution.

Construction Contract a type of contract that is used to govern the relationship between the employer and the contractor. Construction contracts are often used for building and engineering projects and may include provisions for design, procurement, and construction.

Contract Administrator the person or organization responsible for administering the contract on behalf of the employer. The contract administrator may be responsible for managing the contract, resolving disputes, and ensuring that the contractor complies with the contract terms.

Contractor the person or organization responsible for carrying out the work under the contract. The contractor may be a builder, engineer, or other type of specialist who has the necessary skills and experience to complete the project.

Contract Price the amount of money that the employer agrees to pay the contractor for the work. The contract price may be a fixed price, a cost-plus price, or a target price, depending on the terms of the contract.

Cost-Plus Contract a type of contract in which the employer agrees to pay the contractor the actual cost of the work, plus a fee or profit. Cost-plus contracts are often used for complex projects where the costs are difficult to estimate.

Defects Liability Period the period of time during which the contractor is responsible for rectifying any defects or faults in the work. The defects liability period is usually specified in the contract and may be a fixed period of time, such as 12 months.

Delay a situation in which the contractor fails to complete the work on time. Delays can be caused by a variety of factors, including weather, site conditions, and design changes.

Design and Build Contract a type of contract in which the contractor is responsible for both the design and construction of the project. Design and build contracts are often used for complex projects where the design and construction are closely integrated.

Design Development the process of developing and refining the design of the project. Design development may involve the creation of detailed drawings and specifications, as well as the selection of materials and equipment.

Dispute Resolution the process of resolving disputes that arise during the course of the project. Dispute resolution may involve negotiation, mediation, arbitration, or litigation, depending on the terms of the contract and the nature of the dispute.

Employer the person or organization that is responsible for commissioning the project and paying the contractor. The employer may be a developer, builder, or other type of client who has the necessary resources and expertise to manage the project.

Extension of Time a provision in the contract that allows the contractor to extend the completion date if they are delayed by events beyond their control. Extensions of time may be granted for a variety of reasons, including weather, site conditions, and design changes.

Final Account the final statement of the contract price, which is usually prepared by the contractor and agreed by the employer. The final account may include adjustments for variations, claims, and other changes to the contract.

Fixed Price Contract a type of contract in which the employer agrees to pay the contractor a fixed price for the work. Fixed price contracts are often used for simple projects where the costs are easy to estimate.

Guarantee a type of warranty that is often required in construction contracts to guarantee the contractor's performance. Guarantees are usually provided by the contractor to the employer or other third parties, such as funders or investors.

Inspection the process of examining the work to ensure that it meets the required standards. Inspections may be carried out by the employer, the contractor, or other third parties, such as building control officers.

Insolvency the situation in which the contractor or employer becomes bankrupt or insolvent. Insolvency can have serious consequences for the project, including delays, cost overruns, and termination of the contract.

Interest a payment that is made by the employer to the contractor for late payment. Interest is usually calculated as a percentage of the outstanding amount and may be compound or simple.

Latent Defect a type of defect that is not immediately apparent but may become apparent over time. Latent defects can be caused by a variety of factors, including poor workmanship, materials, or design.

Letter of Intent a document that is used to outline the terms of the contract before the formal contract is signed. Letters of intent are often used to establish the key terms of the contract, including the price, scope, and timetable.

Liquidated Damages a payment that is made by the contractor to the employer for failing to meet the completion date. Liquidated damages are usually calculated as a percentage of the contract price and may be deducted from the final payment.

Maintenance the process of maintaining the building or structure after it has been completed. Maintenance may include repairs, replacements, and other work that is necessary to keep the building in good condition.

Mediation a process of dispute resolution in which an independent third party, known as a mediator, helps the parties to negotiate a settlement. Mediation is often used in construction contracts to resolve disputes quickly and efficiently.

Negotiation the process of discussing and agreeing the terms of the contract. Negotiation may involve offers, counter-offers, and other communications between the parties.

Notice a document that is used to inform the other party of a particular event or circumstance. Notices may be used to terminate the contract, withhold payment, or make other claims under the contract.

Novation the process of transferring the contract from one party to another. Novation may be used to assign the contract to a new contractor or employer, or to transfer the contract to a new project.

Payment Schedule a document that outlines the payments that are to be made by the employer to the contractor. Payment schedules may include milestones, payment dates, and other information that is necessary to manage the payments.

Performance Bond a type of bond that is often required in construction contracts to guarantee the contractor's performance. Performance bonds are usually provided by the contractor to the employer or other third parties, such as funders or investors.

Professional Services the services that are provided by professionals such as architects, engineers, and surveyors. Professional services may include design, advice, and other services that are necessary to complete the project.

Programme a document that outlines the timetable for the project. Programmes may include milestones, start and finish dates, and other information that is necessary to manage the project.

Project Management the process of managing the project from start to finish. Project management may include planning, organizing, and controlling the project, as well as coordinating the activities of the different parties involved.

Quality Assurance the process of ensuring that the work meets the required standards. Quality assurance may include inspections, testing, and other procedures that are necessary to verify the quality of the work.

Retention a provision in the contract that allows the employer to withhold a percentage of the contract price until the contractor has completed the work. Retention is usually calculated as a percentage of the contract price and may be released when the contractor has completed the work.

Risk Management the process of identifying and managing the risk associated with the project. Risk management may include assessing the risk, mitigating the risk, and transferring the risk to other parties.

Schedule of Works a document that outlines the scope of the work to be carried out under the contract. Schedules of works may include descriptions of the work, quantities, and other information that is necessary to manage the work.

Site Investigation the process of investigating the site to determine its condition and suitability for the project. Site investigations may include geotechnical investigations, environmental investigations, and other investigations that are necessary to assess the site.

Snagging the process of identifying and rectifying any defects or faults in the work. Snagging may be carried out by the contractor, the employer, or other third parties, such as building control officers.

Specification a document that outlines the requirements for the work to be carried out under the contract. Specifications may include descriptions of the work, materials, and other information that is necessary to manage the work.

Subcontractor a person or organization that is engaged by the contractor to carry out part of the work. Subcontractors may be specialists in a particular trade or skill, such as electricians or plumbers.

Supply Chain the network of organizations that are involved in the provision of goods and services for the project. The supply chain may include suppliers, manufacturers, and other organizations that are necessary to deliver the project.

Termination the process of ending the contract. Termination may be voluntary or involuntary, depending on the circumstances. Termination may be used to end the contract if the contractor fails to meet the required standards or if the employer fails to make payments.

Terms and Conditions the terms and conditions that govern the relationship between the employer and the contractor. The terms and conditions may include payment terms, delivery terms, and other provisions that are necessary to manage the contract.

Time at Large a provision in the contract that allows the contractor to complete the work at any time, without being subject to liquidated damages. Time at large may be used to extend the completion date if the contractor is delayed by events beyond their control.

Tender a document that is used to invite contractors to bid for the work. Tenders may include descriptions of the work, requirements, and other information that is necessary to manage the tendering process.

Termination Certificate a document that is used to confirm the termination of the contract. Termination certificates may be issued by the employer or the contractor, depending on the circumstances.

Valuation the process of determining the value of the work that has been carried out under the contract. Valuations may be carried out by the contractor, the employer, or other third parties, such as quantity surveyors.

Variation a change to the scope of the work that is carried out under the contract. Variations may be requested by the employer or the contractor, depending on the circumstances. Variations may be used to change the design, materials, or other aspects of the project.

Warranty a type of guarantee that is often required in construction contracts to guarantee the contractor's performance. Warranties are usually provided by the contractor to the employer or other third parties, such as funders or investors. This type of guarantee can provide additional protection for the employer and other parties involved in the project.

Withholding Notice a document that is used to notify the contractor that the employer intends to withhold payment. Withholding notices may be used to withhold payment if the contractor fails to meet the required standards or if the contractor fails to comply with the contract terms.

Work Order a document that is used to authorize the contractor to carry out specific work under the contract. Work orders may include descriptions of the work, quantities, and other information that is necessary to manage the work.

Works a term that is used to describe the construction or engineering work that is carried out under the contract. The works may include buildings, structures, and other infrastructure that is necessary to complete the project.

Year 2000 Contract a type of contract that was introduced in the United Kingdom in the year 2000. The Year 2000 Contract is a standard form of contract that is used for construction projects and includes provisions for payment, time, quality, and dispute resolution.