

JCT STANDARD GENERAL CONSTRUCTION CONTRACTS

Joint Contract Tribunal

The standard UK building contracts are drafted by the Joint Contracts Tribunal. It consists of members of the professional association of architects, consulting engineers, the construction confederation, specialist contractors council and the institute of chartered surveyors.

The standard form building contract JCT 2005 is regarded as the industry standard for "general" or traditional style contracting. It is based on a common origin with the Irish RIAI form of contract and embodies broadly similar principles. However, it is much more detailed. There are six versions of the JCT contract, with quantities, with approximate quantities and without quantities with a private and Local Authority edition (equivalent to the Irish GLDA) in each case. Certain further supplements are available. These include a contractor designed portion supplement (CDPS).

There are sub-contracting forms for use with the JCT 2005. These include a standard form of sub-contract tender and agreement, a standard form of agreement between the sub-contractor and nominated contractor, employer nominated sub-contractor agreement.

The intermediate form of building contract IFC 98 is shorter than JCT 2005 but is still fairly complex. It is designed for work that uses basic trade skills of the industry and does not require complex building services, engineering packages.

CD 98 is the standard design and build form of contract. There is no architect administering the contract. It is set on the basis of the document called the employer's requirements which specifies what the contractor is being asked to do.

The 2005 JCT Contracts

The JCT has revised the standard form of construction contracts in the “2005 series”. The following forms of contract have been modified and updated from earlier versions of these contracts;

- Standard Building Contract with Quantities (SBC/Q)
- Standard Building Contract with Approximate Quantities (SBC/AQ)
- Standard Building Contract without quantities (SBC/XQ)
- Design Build Contract (DB)
- Intermediate Building Contract (IC)
- Intermediate Building Contract with contracts design (ICD)
- Minor Works Building Contract (MW)
- Minor Works Building Contract with Contract to Design (MBW)

There are a number of companion guides to the forms have been published and are available on line.

Each of the 2005 JCT Contracts adopt a similar structure and are divided into Articles of Agreement, conditions and various schedules. The conditions are divided into the following broad parts:

- carrying out of works
- control of the works
- payments
- variation
- Injury damage and insurance
- Assignment third party rights and collateral warranties
- Termination
- Settlement of disputes

The JCT 2005 contracts provide for the following direct warranties

- Contractor to funder
- Contractor to purchaser/tenant
- Sub-Contractor to employer
- Sub-Contractor to funder
- Sub-Contractor to purchaser/tenant

The employer is to stipulate which third party rights or warranties are required.

Collateral Warranties

The 2005 series of JCT Contracts use the Third Party Rights Act 1999. This Act allows parties to a contract to confer benefits and rights directly on a third party who is not a party to the contract. Effect is given by service by the employer of a notice to the effect that the named purchaser or tenant have a specified interest in the works.

The Collateral Warranties are in broadly similar terms to those found in Ireland. For example under the Collateral Warranty with a purchaser/tenant, the contractor warrants with the purchaser and tenant that the works have been undertaken in accordance with the main contract. The contractor is liable for the reasonable cost and repair and reinstatement of works. The collateral warranty allows for the possibility of the contractor being liable for additional losses incurred by the purchaser/tenant up to a maximum figure.

The default position under the contractor's collateral warranty is that the contractor is liable only for repair and reinstatement costs and not additional liability unless specified. The contractor's liability is limited to a just and equitable share of losses on the basis that any consultants specified in the contract particulars have paid a share of the loss concerned. The contractor is entitled to raise any term of the contract or other rights in defence of liability as would be available against the employer.

The purchaser and tenant's rights are assignable twice. They may be assigned by absolute assignment to any person taking a transfer of the original purchaser or tenant's interests. The rights for funders/banks are in broadly similar terms. Provision is made for "step-in" rights on behalf of the lending institution/funds. The contractor is not to terminate the employment without copying the funder with notice. Certain other notices must be copied to the funder. The lending institution has seven days in which to intervene and take over the contract under the step-in provisions.

JCT 2005 Sub-Contract

There are two sets of JCT Sub-Contract documents for use with the above mentioned main contract. One is for use where there is a sub-contractor design portion and the other is for use where the sub-contractor has no design responsibilities. For each, there is a form of agreement and set of conditions:

- Standard Building and Sub-Contract Agreement (SBC Sub/A)
- Standard Building and Sub- Contract Conditions (SBC Sub/C)
- Standard Building and Sub-Contract with Sub-Contractor's Design Agreement (SPC Sub/D/A)
- Standard Building and Sub-Contract with Sub-Contractor Design Conditions (SBC Sub/D/C)

There is a guide to the forms known as SPC Sub/G.

There are further forms of sub-contract for use with Design and Build Contracts. These are the Design and Build Sub-Contract Agreement (DBSUB/A) and a Design and Build Sub-Contract Conditions (DBSUB/C). The Companion guide is DBSUB/G).

This Guide is intended as an overview and broad outline of the matters covered in it. Its purpose is to inform and raise awareness. We are happy to offer specific legal advice on particular circumstances.

This Guide should not be relied on as a substitute for comprehensive legal advice with reference to the particular circumstances.

While we have taken due care in the preparation of this publication, we do not accept legal liability as a result of any reliance placed on anything in this Guide. The reader should rely only on specific legal or taxation advice.