



Alliance Contract

This contract is designed for use on major projects or programmes of work where longer term collaborative ways of working are to be created.

An NEC document

June 2017

Consultative Version

Consultees may use the contract but must understand that there are aspects that are not finalised and caution in its use is recommended. It should only be used in consultation with NEC

Consultation copy



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The NEC is a family of standard contracts, each of which has these characteristics:

- Its use stimulates good management of the relationship between the two parties to the contract and, hence, of the work included in the contract.
- It can be used in a wide variety of commercial situations, for a wide variety of types of work and in any location.
- It is a clear and simple document – using language and a structure which are straightforward and easily understood.

NEC4 Alliance Contract is one of the NEC suite and is consistent with all other NEC4 documents. Also available are User Guides and Flow Charts which include guidance and flowcharts on this contract.

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Guidance on the Consultation

BACKGROUND

The NEC4 Alliance Contract (ALC) has been published in a consultative draft form to allow potential users to identify any matters they would prefer to be dealt with in a different way, and suggest any additional material which should be included in the contract when published. This guidance document gives the background to the development of the contract, highlights some of the key principals of the ALC and notable differences between the ALC and other NEC contracts. It also explains how responses to the consultation should be submitted.

This consultative draft of the ACL should not be used to create or engage an Alliance to undertake any work. The contract will only be finalised and ready for use once any changes that result from the consultation have been made.

The convention of using italics for terms which are identified in the Contract Data of the ALC and capital initials for terms defined in the ALC has been used in this guide.

NEC APPROACH

The NEC contracts have always been prepared on the basis of encouraging collaboration between the contracting parties. This is aimed at promoting better management of the contract in order to provide a better end product more consistently and reliably. This was a driving objective of the first edition of the contract, and has been the focus of many of the changes introduced in subsequent editions of the contract and this development has continued in the new NEC4 issue of the contracts.

This collaboration was initially created through the relationship between client and contracting party, but the publication of subcontract forms encouraged the collaborative approach deeper into the supply chain.

As industry has sought new ways of working, more specific approaches to contract management, encouraging collaboration at a greater depth, and have been developed. NEC contracts have evolved to promote and develop these approaches.

OPTION X12 – MULTIPARTY COLLABORATION

This option was developed in response to a perceived need in the industry for greater collaboration between the several contracting parties involved on a major or complex project. Following the NEC approach of providing flexibility in our contracts, this option was developed to be used on all contracts to help promote this increased level of collaboration.

The option allowed parties under separate NEC contracts to work together to achieve mutual objectives on the project. Each contracting party had its own contract with the client, but each was required to co-operate with other organisations involved on the project, to provide support when needed and to give an early warning to others involved in the project as well as to the client.

The option has been provided in all the main NEC contracts and subcontracts, such that the agreement to collaborate would be entered into by contractors, consultants and key subcontractors and suppliers. This flexibility allowed those organisations who would have a significant impact on the success of the project to be included within the collaboration agreement.

INFRASTRUCTURE CLIENT GROUP ALLIANCING CODE OF PRACTICE

The UK Infrastructure Client Group – a grouping of major infrastructure clients – published their Alliancing Code of Practice in 2015. This sets out best practice under four elements of Alliancing – deciding to Alliance, creating an Alliance, delivering an Alliance and sustaining an Alliance. The section on creating an Alliance sets out the issues to be addressed in preparing the terms of the Alliance agreement. It was recognised that NEC contracts were the appropriate forms of contract to be used as the basis for this Alliance.

NEC published a document giving guidance on how to create an alliancing contract as recommended by the code of practice using NEC forms. This was based on standard NEC contracts, incorporating the multiparty collaboration option X12. Guidance was given on how to create the Contract Data, including suggested additional contract conditions. It made recommendations for material to be included in the Partnering Information – the document setting out how the collaborative relationship between the various parties involved the project would operate.

ALLIANCE CONTRACT (ALC)

In the development stage of NEC4, it was concluded that a new standard form for alliancing should be published. This was to be a single standalone contract, which all parties in the Alliance would join. It would follow the principles in the Infrastructure Client Group Code of Practice, but would take the development of the Alliance one stage further to enable all parties to share in the success of the project by forming a fully integrated team. The team would work on an entirely “best for project” basis, with no individual party able to gain a commercial benefit at the expense of any other.

This has now been published in a consultative draft, to allow potential users to consider how well it would meet their needs and to provide feedback on the approach taken by the drafting team to key aspects of the operation of the Alliance contract. Following this, final modifications will be made, reflecting industry requirements, before being published for use.

KEY PRINCIPLES OF THE ALC

When should the ALC be used

The ALC is designed for use on major projects or programmes of work where longer term collaborative ways of working are to be created. Due to the nature of the relationships in the ALC and the time investment that will be needed pre-contract to create an alliance it is not envisaged that it will be used for low risk, low complexity projects.

The ALC has been designed to be used in the following situations.

- Single stage engagement – a single stage major project in which a sufficient level of Scope development has taken place to allow a Budget, a Completion Date and performance targets to be set at the commencement of the contract.
- Two stage engagement – by using the optional early involvement clauses an alliance is created to deliver Stage One and develop detailed proposals for Stage Two including any required updated to the Scope, Budget, Completion Date and Performance Table. The *Client* has the option to not proceed to Stage Two and to remove this Scope from the contract. This option can also be used to develop a programme of work through the use of a number of separate Stage Two work packages.

The Alliance

The Alliance contract is a multi-party agreement to carry out work aimed at meeting the Alliance Objectives set by the *Client*, under which each party to the Alliance (the Partners) shares in the benefits of achieving those objectives and shares in the risk of failure. The

Alliance Objectives will form the basis of the performance targets set in the Performance Table against which the alliance will be incentivised. The objectives will be for the *Client* to determine based on what areas of performance are important to them and that they want the alliance to achieve.

Membership of the Alliance

It is for the *Client* initially to decide the members of the alliance dependent upon the nature of the work, the parties likely to be involved and the levels of the supply chain (contractors normally appointed as subcontractors, suppliers) that it wishes to bring in to membership of the alliance.

It would also be sensible to engage with the proposed members of the alliance during the pre-contract stage to get their views on who else should form part of the alliance and to ensure that the proposed participants will be able to work together.

Once the ALC is in place the Alliance Board has the power to add any additional Partners they decide are necessary or helpful to achieve the Alliance Objectives and the Scope.

Structure of the Alliance

The Alliance Board is the key decision making body for the Alliance and each party that makes up the Alliance has an *alliance board representative*. The *Client* is a member of the Alliance Board. The decisions of the Alliance Board have to be unanimous and bind all the parties that make up the Alliance - the Alliance Board will make decisions as a collaborative team.

The Alliance Manager leads the Alliance Delivery team and undertakes many of the functions associated with the Project Manager under the ECC, however, the Alliance Manager reports to and is managed by the Alliance Board.

The *Client* appoints a *Client Representative* to undertake a number of functions retained by the *Client*. These functions are limited to those issues over which the *Client* as opposed to the Alliance Board is to make decisions, such as the addition or removal of work from the Scope or the certification of payment.

Members of the Alliance work together as an integrated team. The selection of people and organisations to undertake work is made on a best for project basis as opposed to the individual commercial drivers of the members of the Alliance.

No blame / claim

The members of the Alliance agree not to raise any claims or legal action against each other and submit all disputes for resolution by the Alliance Board. In the UK and certain other jurisdictions it is not possible to exclude certain rights such as the right to adjudication, however, the contract does not contain provisions for this and so any such actions would have to be undertaken under the statutes that gives rise to these rights rather than the contract. The view is that if the members of the Alliance cannot resolve a matter between them then the Alliance is no longer operational and the only recourse would be to bring the Alliance to an end.

Changes to the Scope

The Scope can be changed by the *Client's Representative* acting on behalf of the *Client*. This allows the *Client* to issue changes to the Scope without the need for agreement from the other members of the Alliance providing the *Client* with the ability to change the Scope to meet their needs and the *works* progress. The scope can also be changed by agreement of the Alliance Board. A change to the Scope instructed by the *Client's Representative* is grounds for a compensation event, whilst a change made by the Alliance Board is only a compensation event if the change made is taken to avoid or reduce an event, following the early warning process, which would be a compensation event under the contract.

Early Involvement

Optional clauses have been included to apply if selected in the Contract Data, to allow for early involvement of the Alliance in a two stage engagement model.

Quality Management

Under the ALC all a Defect must be corrected by the Alliance and the cost of the correction forms part of Defined Cost. However, if a Defect is a failure to achieve an Alliance Objective for which a payment is set out in the Performance Table the Alliance does not correct the Defect and instead suffers the performance incentive stated in the Performance Table.

Payment

The basis of payment is Defined Cost plus Fee on the same basis as Option E of the NEC4 ECC.

Payment is made through a Project Bank Account set up by the Alliance and to which Named Suppliers can be added.

The Alliance Manager assess the amount due, which is the sum of the Defined Cost plus Fee of the Partners together with other amounts due to or from the Partners, and submits this to the *Client's Representative*. The *Client's Representative* checks the amounts being claimed for payment and informs the Alliance Manager of any corrections that are required. The Alliance manager makes the correction and resubmits the application.

The Performance Table will contain an incentive based on achieving a saving and avoiding an overspend against the Budget. The saving or overspend is measured by comparing the Budget and the Total of the Price for Work Done to Date. This will be shared between the members of the Alliance in accordance with the Performance Table. The amount of any saving or overspend will have an effect on the payment for the achievement of other targets in the Performance Table. The Performance Table may also have additional amounts the Alliance members will pay if they do not achieve a performance target whether or not a saving or overspend has been created.

Budget is the term used to describe the target cost for the *works* (Prices in the ECC) and includes both the Partner's Defined Cost plus Fee and *Clients* Costs.

Client Costs are costs which the *Client* incurs as a member of the Alliance and which are included in both the Budget and the Total Price for Work Done to Date. What constitutes these costs has not been defined and it has been left flexible for the *Client* to determine which of their cost should be included.

Total of the Price for Work Done to Date is a combination of the Partners Defined Cost plus Fee and the *Client* Costs. This allows the *Client* Costs to form part of the Alliance costs and be factored into the assessment of any savings or overspends used to assess payment for performance against the Budget.

Compensation events

Under the ALC the Alliance Manager manages the compensation event process with acceptance of the quotation for the effects of a compensation event being an action of the Alliance Board. There is not separate acceptance requirement by the *Client's Representative* as the *Client* is a member of the Alliance Board and so will agree the effects of the compensation event as one of the Alliance Board. Compensation effects can lead to changes to the Budget, the Completion Date and the Performance Table.

Liabilities and Insurance

The Partners' only individual liability is for wilful default.

The *Client* carries liability for claims from Others. The risk of such claims would normally be included as a *Client Cost* and form part of the Budget. The cost of any claims made by the client would be included in the Total Price for Work Done to Date.

All risks other than third party claims or wilful default by a Partner are shared by the Alliance.

In reality this means the Client will pay the direct cost of risk events occurring as part of Defined Cost or (if a third party claim) as Client Costs, and the Partners will share in their effect as part of the incentive mechanism as these events will not increase the Budget. This also reflected in the limited number of compensation events in the contract and reduced grounds for Disallowed Cost.

The default position under the ALC is that the *Client* provides the insurances in the insurance table and will need to demonstrate that such insurances are in place. This can though be changed in the Contract Data.

Termination

The termination provisions allow for termination by the *Client* a Partner or the Alliance Board. The *Client* and a Partner can terminate for any reason, reflecting the consensual, collaborative nature of the alliance, however, costs will flow from such a termination. The termination provisions also allow for the Alliance Board to remove a member of the Alliance, even if that member does not agree with the termination.

Schedule of Cost Components (SoCC)

The SoCC is based on the ECC and assumes that the majority of the Alliance members will be co-located within the Working Area. As such the provisions for costs incurred in providing design outside the Working Area are simplistic and based on agreed hourly rates.

Contract Data

There is a single Contract Data for the ALC as opposed to a part one and part two. This is because the ALC will be created through negotiation with the members of the Alliance as opposed to a formal invitation to tender process. The Contract Data will include the data agreed to by all the Members of the Alliance

Consultation copy

Responses to Consultation

It would be helpful if the responses to consultation could be structured in the following way. As far as possible, brief explanations should be provided with the comments.

- Overall impression of the contract – about right/ too restrictive/ too flexible etc.
- Provisions within the contract which are welcomed and are considered to be best practice for an Alliance.
- Provisions within the contract which are unduly restrictive and may prevent best practice being achieved.
- Provisions within the contract which would be difficult to implement as they stand.
- Further provisions which should be added to the contract to enable promote a successful Alliance.
- Other comments on the draft contract.

The contract can be downloaded by registering your interest with the NEC at the website neconcontracts.com. Access will then be provided to a copy of the contract for consultation. All responses to the consultation should be made electronically using the feedback form to allow collation of comments.

Any queries on the documents or the process should be referred to alliance@necontract.com by 30 November 2017.

We look forward to hearing your views.

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Schedule of Options

OPTIONS The following Options should be considered. It is not necessary to use any of them. Any combination can be used.

Option X2	Changes in the law
Option X4	Ultimate holding company guarantee
Option X9	Transfer of rights
Option X10	Information modelling
Option X18	Limitation of liability

The following Options dealing with national legislation should be included if required.

Option Y(UK)2	The Housing Grants, Construction and Regeneration Act 1996
Option Y(UK)3	The Contracts (Rights of Third Parties) Act 1999

Option Z *Additional conditions of contract*

Note Options X1, X3, X5–X8 and X11–X17 are not used

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Core Clauses

1. GENERAL

Actions	10	
	10.1	The Alliance, the <i>Client's Representative</i> and the Alliance Manager shall act as stated in the contract.
	10.2	The Alliance, the <i>Client's Representative</i> and the Alliance Manager act in a spirit of mutual trust and co-operation.
Identified and defined terms	11	
	11.1	In these <i>conditions of contract</i> , terms identified in the Contract Data are in italics and defined terms have capital initials.
	11.2	<p>(1) The Accepted Programme is the programme identified in the Contract Data or is the latest programme accepted by the Alliance Manager. The latest programme accepted by the Alliance Manager supersedes previous Accepted Programmes.</p> <p>(2) The Alliance is the <i>Client</i> and the Partners. A reference to a member of the Alliance is a reference to the <i>Client</i> or one of the Partners.</p> <p>(3) The Alliance Board comprises the <i>alliance board representatives</i> unless later changed in accordance with the contract.</p> <p>(4) The Alliance Manager is the person appointed by the Alliance Board to lead and manage the Alliance Management Team.</p> <p>(5) The Alliance Delivery Team is the team appointed by the Alliance Board to deliver the <i>works</i>.</p> <p>(6) An Alliance Objective is an aspect of performance by the Alliance which is in the document the stated in the Contract Data and for which a performance target is stated.</p> <p>(7) The Budget is the items and amounts stated in the <i>budget information</i> unless later changed in accordance with the contract.</p> <p>(8) The <i>Client's Costs</i> are costs the <i>Client</i> incurs as a member of the Alliance and which are calculated using the rates and prices contained in the <i>Client's cost schedule</i>.</p> <p>(9) Completion is when the Alliance has</p> <ul style="list-style-type: none"> • done all the work which the Scope states is to be done by the Completion Date and • corrected notified Defects which would have prevented the <i>Client</i> from using the <i>works</i> or Others from doing their work. <p>If the work which the Alliance is to do by the Completion Date is not stated in the Scope, Completion is when the Alliance has done all the work necessary for the <i>Client</i> to use the <i>works</i> and for Others to do their work.</p> <p>(10) The Completion Date is the <i>completion date</i> unless later changed in accordance with the contract.</p> <p>(11) The Contract Date is the date when the contract came into existence.</p> <p>(12) A Corrupt Act is</p> <ul style="list-style-type: none"> • the offering, promising, giving, accepting or soliciting of an advantage as an inducement for an action which is illegal, unethical or a breach of trust or • abusing any entrusted power for private gain

in connection with the contract or any other contract with the *Client*. This includes any commission paid as an inducement which was not declared to the *Client* before the Contract Date.

(13) A Defect is

- a part of the *works* which is not in accordance with the Scope or
- a part of the *works* designed by the Alliance which is not in accordance with the applicable law or the Alliance's design which the *Client's Representative* has accepted.

(14) The Defects Certificate is either a list of Defects that the *Client's Representative* has notified before the *defects date* which the Alliance has not corrected or, if there are no such Defects, a statement that there are none.

(15) Defined Cost is the cost of the components in the Schedule of Cost Components less Disallowed Cost.

(16) Disallowed Cost is cost which

- is not justified by the Partner's accounts and records or
- should not have been paid to a Subcontractor or supplier in accordance with its contract.

(17) The Early Warning Register is a register of matters which are

- listed in the Contract Data for inclusion and
- notified by the Alliance as early warning matters.

It includes a description of the matter and the way in which the effects of the matter are to be avoided or reduced.

(18) Equipment is items provided and used by the Alliance to Provide the Works and which the Scope does not require the Alliance to include in the *works*.

(19) The Fee is the amount calculated by applying the *fee percentage* to the amount of Defined Cost.

(20) An Insolvency Event is one of the following or its equivalent.

- If a member of the Alliance is an individual and has
 - presented an application for bankruptcy,
 - had a bankruptcy order made against it,
 - had a receiver appointed over its assets or
 - made an arrangement with its creditors.
- If a member of the Alliance is a company or partnership and has
 - had a winding-up order made against it,
 - had a provisional liquidator appointed to it,
 - passed a resolution for winding-up (other than in order to amalgamate or reconstruct),
 - had an administration order made against it or had an administrator appointed over it,
 - had a receiver, receiver and manager, or administrative receiver appointed over the whole or a substantial part of its undertaking or assets or
 - made an arrangement with its creditors.

(21) Others are people or organisations who are not the *Client*, the *Client's Representative*, the Alliance Manager, a Partner or any employee, Subcontractor or supplier of a member of the Alliance.

(22) The Partners are the *partners* unless later changed in accordance with the contract.

(23) The Performance Table includes the targets for performance stated for the Alliance Objectives, sets out the adjustment to payment if a measured performance is higher or lower than the target and sets out how the adjustments are shared between the Partners. The Performance Table is the *performance table* unless later changed in accordance with the contract.

(24) Plant and Materials are items intended to be included in the *works*.

(25) The Price for Work Done to Date is the total Defined Cost which the Alliance Manager forecasts will have been paid by the Partners before the next assessment date plus the Fee.

(26) To Provide the Works means to do the work necessary to complete the *works* in accordance with the contract and all incidental work, services and actions which the contract requires.

(27) Scope is information which

- specifies and describes the *works* or
- states any constraints on how the Alliance Provides the Works

and is either

- in the documents which the Contract Data states it is in or
- in an instruction given in accordance with the contract.

(28) The Site is the area within the *boundaries of the site* and the volumes above and below it which are affected by work included in the contract.

(29) A Subcontractor is a person or organisation who has a contract with a Partner to

- construct or install part of the *works*,
- design all or part of the *works*, except the design of Plant and Materials carried out by the supplier or
- provide a service in the Working Areas which is necessary to Provide the Works, except for the
 - hire of Equipment or
 - supply of people paid for by a Partner according to the time they work.

(30) The Total Price for Work Done to Date is the sum of the Price for Work Done to Date and the *Client's Costs*.

(31) The Working Areas are the Site and areas provided by the Alliance which are

- necessary for Providing the Works and
- used only for work in the contract.

Interpretation and the law

12

- 12.1 In the contract, except where the context shows otherwise words in the singular also mean in the plural and the other way round.
- 12.2 The contract is governed by the *law of the contract*.
- 12.3 No change to the contract, unless provided for by these *conditions of contract*, has effect unless it has been agreed, confirmed in writing and signed by the Alliance.

CORE CLAUSES

OPTION CLAUSES

COST COMPONENTS

CONTRACT DATA

12.4 The contract is the entire agreement between the Alliance.

Communications

13

- 13.1 Each communication which the contract requires is communicated in a form which can be read, copied and recorded. Writing is in the *language of the contract*.
- 13.2 If the Scope specifies the use of a communication system, a communication has effect when it is communicated through the communication system specified in the Scope.

If the Scope does not specify a communication system, a communication has effect when it is received at the last address notified by the recipient for receiving communications or, if none is notified, at the address of the recipient stated in the Contract Data.
- 13.3 If the contract requires the *Client's Representative*, the Alliance Manager or the Alliance Board to reply to a communication, unless otherwise stated in these *conditions of contract*, they reply within the *period for reply*.
- 13.4 The *Client's Representative* replies to a communication submitted or resubmitted by the Alliance Manager for acceptance. If the reply is not acceptance, the *Client's Representative* states the reasons in sufficient detail to enable the Alliance Manager to correct the matter. The Alliance Manager resubmits the communication within the *period for reply* taking account of these reasons.
- 13.5 The *Client's Representative* may extend the period for reply to a communication if the *Client's Representative* and the Alliance Manager agree to the extension before the reply is due. The *Client's Representative* informs the Alliance Manager of the extension which has been agreed.
- 13.6 The *Client's Representative* issues certificates to the Alliance Board and the Alliance Manager.
- 13.7 A notification or certificate which the contract requires is communicated separately from other communications.

The Client's Representative

14

- 14.1 The *Client's Representative* acceptance of a communication from the Alliance Board or Alliance Manager or acceptance of the work does not change the Alliance's responsibility to Provide the Works or liability for its design.
- 14.2 The *Client's Representative*, after notifying the Alliance Board and Alliance Manager, may delegate any of its actions and may cancel any delegation. The notification contains the name of the delegate and details of the actions being delegated or any cancellation of delegation. A reference to an action of the *Client's Representative* in the contract includes an action by its delegate. The *Client's Representative* may take an action which it has delegated.
- 14.3 The *Client's Representative* may give an instruction to the Alliance Board which changes the Scope.
- 14.4 The *Client* may replace the *Client's Representative* after notifying the Alliance Board and Alliance Manager of the name of the replacement.

Early warning

15

- 15.1 A member of the Alliance gives an early warning by notifying the Alliance Manager as soon as they become aware of any matter which could
 - delay Completion,
 - impair the performance of the *works* in use or
 - increase the Alliance's total cost.

The Alliance Manager enters early warning matters in the Early Warning Register and issues a copy of the updated Early Warning Register to the Alliance. Early warning of a matter for which a compensation event has previously been notified is not required.

15.2 The Alliance Manager prepares a first Early Warning Register and issues it to the Alliance within one week of the *starting date*. The Alliance Manager holds a first early warning meeting within two weeks of the *starting date*.

Later early warning meetings are held

- if the Alliance Manager or any member of the Alliance instructs an early warning meeting, and, in any case,
- at no longer interval than the interval stated in the Contract Data until Completion of the whole of the *works*.

The Alliance Manager decides on the attendees for an early warning meeting in consultation with the Alliance.

The *Client's Representative* may attend an early warning meeting.

A Subcontractor attends an early warning meeting if their attendance would assist in deciding the actions to be taken.

15.3 At an early warning meeting, those who attend co-operate in

- making and considering proposals for how the effects of each matter in the Early Warning Register can be avoided or reduced,
- seeking solutions that will bring advantage to all those who will be affected,
- deciding on the actions which will be taken and who, in accordance with the contract, will take them,
- deciding which matters can be removed from the Early Warning Register and
- reviewing actions recorded in the Early Warning Register and deciding if different actions need to be taken and who, in accordance with the contract, will take them.

15.4 The Alliance Manager revises the Early Warning Register to record the decisions made at each early warning meeting and issues the revised Early Warning Register to the Alliance within one week of the early warning meeting. If a decision needs a change to the Scope, the Alliance Manager notifies the Alliance Board at the same time as the revised Early Warning Register is issued.

Requirements for instructions

- 16**
- 16.1 If the Alliance becomes aware of an ambiguity or inconsistency in or between the documents which are part of the contract it refers the matter to the Alliance Board who determine how the ambiguity or inconsistency should be resolved.
- 16.2 If the Alliance becomes aware that the Scope includes an illegal or impossible requirement it notifies the *Client's Representative*. If the Scope does include an illegal or impossible requirement, the *Client's Representative* gives an instruction to change the Scope appropriately.

Corrupt Acts

- 17**
- 17.1 The Alliance do not do a Corrupt Act.
- 17.2 The Alliance take action to stop a Corrupt Act of a Subcontractor or supplier of which they are, or should be, aware.
- 17.3 The Alliance include equivalent provisions to these in subcontracts and contracts for the supply of Plant and Materials and Equipment.

Prevention

18

18.1

If an event occurs which

- stops the Alliance completing the whole of the *works* or
- stops the Alliance completing the whole of the *works* by the date for planned Completion shown on the Accepted Programme,

and which

- the Alliance could not prevent and
- people or organisations experienced in works similar to the *works* would have judged at the Contract Date to have such a small chance of occurring that it would have been unreasonable to have allowed for it,

the *Client's Representative* gives an instruction to the Alliance stating how the event is to be dealt with.

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CORE CLAUSES

OPTION CLAUSES

COST COMPONENTS

CONTRACT DATA

2. THE ALLIANCE'S MAIN RESPONSIBILITIES

The Alliance and the Alliance Board	20	
	20.1	<p>The Alliance</p> <ul style="list-style-type: none"> • collaborate with each other to achieve the Alliance Objectives and the objectives of every other Partner, • work collectively to support the delivery of the contract on a best for project basis, • develop and use common interface systems as set out in the Scope, • give advice, information and opinion to the Alliance Board and to the other members of the Alliance when asked to do so by the Alliance Board, this advice, information and opinion is given fully, openly and objectively and • establish an integrated alliance delivery team based on a best for project basis and supporting the sharing of knowledge, information, and best practice.
	20.2	The Alliance Board is responsible for managing the Alliance on behalf of the Alliance and any action, decision, instruction, notification or submission made by the Alliance Board binds all the Alliance.
	20.3	A member of the Alliance may replace their <i>alliance board representative</i> after notifying the others of the name of the replacement.
	20.4	<p>The Alliance Board meets</p> <ul style="list-style-type: none"> • when an Alliance members requires a meeting, and, in any case, • at no longer interval than the interval stated in the Contract Data from the <i>starting date</i> until Completion of the whole of the works.
	20.5	An Alliance Board meeting is adjourned if there is not a quorum of <i>alliance board representatives</i> present. The number of <i>alliance board representatives</i> to constitute a quorum is stated in the Contract Data.
	20.6	Unless otherwise stated in these <i>conditions of contract</i> a decision of the Alliance Board must be a unanimous decision of the <i>alliance board representatives</i> attending an Alliance Board Meeting.
	20.7	The Alliance Board appoints a person to lead each Alliance Board meeting.
	20.8	<p>The Alliance Board acts in accordance with the contract and</p> <ul style="list-style-type: none"> • manages the Alliance, • allocates work between the Alliance, • makes decisions as stated in the contract, • appoints and instructs the Alliance Manager, • appoints the Alliance Delivery Team, • decides if an item of Equipment needs acceptance and accepts that Equipment and • resolves disputes within the Alliance.
	20.9	If the Alliance Board decides to change the Scope or the Performance Table it instructs the Alliance Manager who changes the Scope or Performance Table accordingly.
	20.10	The Alliance Board may add a Partner to the Alliance. An additional Partner is added to the Contract Data.
	20.11	The Alliance Board may instruct other people to attend an Alliance Board meeting. These other people do not have a right to vote in any decision made by the Alliance Board.

20.12 The Alliance Board may delegate any of its actions to the Alliance Manager by notifying the *Client's Representative*. The notification contains details of the actions being delegated or any cancellation of delegation. A reference to an action of the Alliance Board in the contract includes an action delegated to the Alliance Manager. The Alliance Board may take an action which it has delegated.

The Alliance Manager and Alliance Delivery Team

21

- 21.1 The Alliance Manager leads the Alliance Delivery Team. The Alliance Manager complies with any instructions given by the Alliance Board.
- 21.2 The Alliance Manager issues certificates to the Alliance Board and the *Client's Representative*.
- 21.3 The Alliance Manager maintains a record of changes to the Scope instructed by the *Client's Representative* and the Alliance Board
- 21.4 The Alliance Delivery Team arranges for the work necessary to Provide the Works to be carried out. The Alliance Delivery team act in accordance with the Scope and any instructions given by the Alliance Board or Alliance Manager.

Providing the Works

22

- 22.1 The Alliance Provides the Works in accordance with the Scope and the Alliance Objectives.
- 22.2 The Alliance Manager prepares forecasts of the total Defined Cost for the whole of the *works* and submits them to the Alliance Board. A copy of the forecast is issued to the *Client's Representative*. Forecasts are prepared at the intervals stated in the Contract Data from the *starting date* until Completion of the whole of the *works*. An explanation of the changes made since the previous forecast is submitted with each forecast.

The Alliance's design

23

- 23.1 The Alliance carries out the design necessary to Provide the Works.
- 23.2 The Alliance Manager submits the particulars of its design as the Scope requires to the *Client's Representative* for acceptance.

The Alliance does not proceed with the relevant work until the *Client's Representative* has accepted its design.
- 23.3 The Alliance may submit its design for acceptance in parts if the design of each part can be assessed fully.
- 23.4 The Partners may use the material provided by them under the contract for other work unless
 - the ownership of the material has been given to the *Client* or
 - it is stated otherwise in the Scope.
- 23.5 The Alliance retain copies of drawings, specifications, reports and other documents which record the Alliance's design for the *period for retention*. The copies are retained in the form stated in the Scope.
- 23.6 The *Client* may use and copy the Alliance's design for any purpose connected with construction, use, alteration or demolition of the *works* unless otherwise stated in the Alliance Objectives and for other purposes as stated in the contract. The Partners obtain from Subcontractors equivalent rights for the *Client* to use material prepared by the Subcontractor.

People

24

- 24.1 The Partners either provide each *key person* named to do the job stated in the Contract Data or provide a replacement person who has been accepted by the Alliance Manager.

The Partner submits the name, relevant qualifications and experience of a proposed replacement person to the Alliance Manager for acceptance.

Working with the Client and Others

25

- 25.1 The Alliance co-operates with Others, including in obtaining and providing information which they need in connection with the *works*. The Alliance shares the Working Areas with Others as stated in the Scope.

CORE CLAUSES

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CONTRACT DATA

	25.2	The Alliance provides services and other things as stated in the Scope.
Subcontracting	26	
	26.1	If a Partner intends to subcontract a part of the <i>works</i> it provides <ul style="list-style-type: none"> • details of the work to be undertaken by the Subcontractor, • the name and details of the proposed Subcontractor, • the proposed subcontract documents, including any pricing information <p>to the Alliance Board for acceptance. A Partner does not appoint a proposed Subcontractor until the Alliance Board has accepted it.</p>
	26.2	A Partner is responsible for participating in Providing the Works as if it had not subcontracted. The contract applies as if a Subcontractor's employees and equipment were the Partner's.
Other responsibilities	27	
	27.1	The Alliance obtains approval of its design from Others where necessary.
	27.2	The Alliance provides access to work being done and to Plant and Materials being stored for the contract for <ul style="list-style-type: none"> • the <i>Client's Representative</i> and • Others as instructed by the <i>Client's Representative</i>.
	27.3	The Alliance obeys an instruction which is in accordance with the contract and is given by the <i>Client's Representative</i> , the Alliance Board or the Alliance Manager.
	27.4	The Alliance acts in accordance with the health and safety requirements stated in the Scope.
Assignment and disclosure	28	
	28.1	A member of the Alliance notifies the other members of the Alliance if it intends to transfer the benefit of the contract or any rights under it. The <i>Client</i> does not transfer a benefit or right if the party receiving the benefit or rights does not intend to act in a spirit of mutual trust and co-operation.
	28.2	The Alliance does not disclose information obtained in connection with the <i>works</i> except when necessary to carry out their duties under the contract
	28.3	The Alliance may publicise the <i>works</i> only with the agreement of the Alliance Board.
Early involvement	29	
	29.1	The following provisions apply if stated in the Contract Data.
	29.2	Stage One and Stage Two have the meanings given to them in the Scope.
	29.3	Pricing Information is information which specifies how the Alliance prepares its assessment of the Budget for Stage Two, and is in the document which the Contract Data states it is in.
	29.4	The Alliance Manager prepares forecasts of the Budget for Stage Two and submits them to the Alliance Board. A copy of the forecast is issued to the <i>Client's Representative</i> . Forecasts are prepared at the intervals stated in the Contract Data from the starting date until the issue of a notice to proceed to Stage Two.
	29.5	The Alliance Manager submits its design proposals for Stage Two to the <i>Client's Representative</i> for acceptance in accordance with the submission procedure stated in the Scope. <p>The submission includes the Alliance's forecast of the effect of the design proposal on the Budget, the Performance Table and the Accepted Programme.</p>
	29.6	If the submission is not accepted, the <i>Client's Representative</i> gives reasons.
	29.7	The Alliance Manager makes a revised submission taking account of the <i>Client's Representative's</i> reasons.
	29.8	The Budget for Stage Two is assessed by the Alliance Manager using the Pricing Information stated in the Contract Data.

- 29.9 The Alliance completes any outstanding design during Stage Two.
- 29.10 The *Client's Representative* issues a notice to proceed to Stage Two when
- the Alliance has obtained approvals and consents from Others as stated in the Scope,
 - changes to the Budget, the Completion Date and the Performance Table have been agreed by the *Client's Representative*,
 - the *Client's Representative* has confirmed the works are to proceed.
- 29.11 If a notice to proceed to Stage Two is not issued for any reason, the *Client's Representative* issues an instruction that the work required in Stage Two is removed from the Scope and, in consultation with the Alliance Manager, changes the Budget and the Performance Table accordingly. This instruction is not a compensation event.
- 29.12 If the *Client's Representative* does not issue a notice to proceed to Stage Two because the *Client's Representative* and the Alliance have not agreed the changes to the Budget, the Completion Date and the Performance Table the *Client* may appoint another organisation to complete the Stage Two works.

Consultation copy

3. TIME

Starting and Completion	30	
	30.1	The Alliance does not start work on the Site until the first <i>access date</i> and does the work so that Completion is on or before the Completion Date.
	30.2	The Alliance Manager decides the date of Completion and certifies it within one week of the date.
<hr/>		
The programme	31	
	31.1	If a programme is not identified in the Contract Data, the Alliance Manager submits a first programme to the Alliance Board for acceptance within the period stated in the Contract Data.
	31.2	The members of the Alliance coordinate their work programmes for the benefit of the project and to support the creation and updating of the programme by the Alliance Manager. The members of the Alliance provide information and make changes to their work programmes as required by the Alliance Manager.
	31.3	The Alliance Manager shows on each programme submitted for acceptance <ul style="list-style-type: none"> • the <i>starting date</i>, <i>access dates</i> and Completion Date, • planned Completion, • the order and timing of the operations which the Alliance plans to do in order to Provide the Works, • the order and timing of the work of Others as last agreed with them by the Alliance or, if not so agreed, as stated in the Scope, • the dates when the Alliance plans to complete other work needed to allow the Others to do their work, • provisions for <ul style="list-style-type: none"> – float, – time risk allowances, – health and safety requirements and – the procedures set out in the contract, • the dates when, in order to Provide the Works in accordance with the programme, the Alliance will need <ul style="list-style-type: none"> – access to a part of the Site if later than its <i>access date</i>, – acceptances and – information from Others, • for each operation, a statement of how the Alliance plans to do the work identifying the principal Equipment and other resources which will be used and • other information which the Scope requires the Alliance to show on a programme submitted for acceptance. <p>A programme issued for acceptance is in the form stated in Scope.</p>
	31.4	Within two weeks of the Alliance Manager submitting a programme for acceptance, the Alliance Board notifies the Alliance Manager of the acceptance of the programme or the reasons for not accepting it and stating changes required to make it acceptable. The Alliance manager makes these changes to the programme and resubmits it to the Alliance Board.

Revising the programme	32	
	32.1	The Alliance Manager shows on each revised programme <ul style="list-style-type: none"> the actual progress achieved on each operation and its effect upon the timing of the remaining work, how the Alliance plans to deal with any delays and to correct notified Defects and any other changes which the Alliance Manager proposes to make to the Accepted Programme.
	32.2	The Alliance Manager submits a revised programme to the Alliance Board for acceptance <ul style="list-style-type: none"> within the <i>period for reply</i> after the Alliance Board has instructed the Alliance Manager to, when the Alliance Manager chooses to and, in any case, at no longer interval than the interval stated in the Contract Data from the <i>starting date</i> until Completion of the whole of the <i>works</i>.
Access to and use of the Site	33	
	33.1	The <i>Client</i> allows access to and use of each part of the Site to the Alliance which is necessary for the work included in the contract. Access and use is allowed on or before the later of its <i>access date</i> and the date for access shown on the Accepted Programme.
Instructions to stop or not to start work	34	
	34.1	The <i>Client's Representative</i> may instruct the Alliance to stop or not start any work. The <i>Client's Representative</i> subsequently gives an instruction to the Alliance to <ul style="list-style-type: none"> re-start or start the work or remove the work from the Scope.
Take over	35	
	35.1	The <i>Client</i> may take over and use any part of the <i>works</i> before Completion has been certified.
	35.2	The <i>Client's Representative</i> certifies the date upon which the <i>Client</i> takes over any part of the <i>works</i> and its extent within one week of the date.

4. QUALITY MANAGEMENT

Quality management system	40	
	40.1	The Alliance operates a quality management system which complies with the requirements stated in the Scope.
	40.2	Within the period stated in the Contract Data, the Alliance Manager provides the Alliance Board with a quality policy statement and a quality plan for acceptance. If any changes are made to the quality plan, the Alliance Manger provides the Alliance Board with the changed quality plan for acceptance.
	40.3	The members of the Alliance support the creation and updating of the quality policy statement and quality plan by the Alliance Manager. The members of the Alliance comply with the Alliance quality management system.
Tests and inspections	41	
	41.1	This clause only applies to tests and inspections required by the Scope or the applicable law.
	41.2	The Alliance Manager and the <i>Client's Representative</i> informs the other of each of their tests and inspections before the test or inspection starts and afterwards informs the other of the results. The Alliance Manager informs the <i>Client's Representative</i> in time for a test or inspection to be arranged and done before doing work which would obstruct the test or inspection. The <i>Client's Representative</i> may watch any test done by the Alliance.
41.3	If a test or inspection shows that any work has a Defect, the Alliance corrects the Defect and the test or inspection is repeated.	
Searching for and notifying Defects	42	
	42.1	Until the <i>defects date</i> , the <i>Client's Representative</i> may instruct the Alliance Manager to search for a Defect. The <i>Client's Representative</i> gives reasons for the search with the instruction. Searching may include <ul style="list-style-type: none"> • uncovering, dismantling, re-covering and re-erecting work, • providing facilities, materials and samples for tests and inspections done by the <i>Client's Representative</i> and • doing tests and inspections which the Scope does not require.
	42.2	Until the <i>defects date</i> the <i>Client's Representative</i> and the Alliance Manager notifies the other as soon as they become aware of a Defect.
Correcting Defects	43	
	43.1	If the Defect is a failure to achieve an Alliance Objective for which a payment is set out in the Performance Table, the Alliance does not correct the Defect. For other Defects, the Alliance corrects a Defect whether or not the <i>Client's Representative</i> has notified it.
	43.2	If the Alliance is required to correct a notified Defect it corrects the Defect within a time which minimises the adverse effect on Others.
	43.3	The <i>Client's Representative</i> issues the Defects Certificate at the <i>defects date</i> if there are no notified Defects, or otherwise at the earlier of <ul style="list-style-type: none"> • the end of the last defect correction period and • the date when all notified Defects have been corrected. <p>The <i>Client's</i> rights in respect of a Defect which the <i>Client's Representative</i> has not found or notified are not affected by the issue of the Defects Certificate.</p>
	43.4	The <i>Client's Representative</i> arranges for the <i>Client</i> to allow the Alliance access to and use of a part of the <i>works</i> which has been taken over if it is needed for correcting a Defect.
Accepting Defects	44	
44.1	The Alliance Board may change the Scope so that a Defect does not have to be corrected.	

5. PAYMENT

CORE CLAUSES	Project Bank Account	50		
		50.1	<p>(1) The Authorisation is a document authorising the <i>project bank</i> to make payments to the Partners and Named Suppliers.</p> <p>(2) Named Suppliers are <i>named suppliers</i> and other Suppliers who have signed the Joining Deed.</p> <p>(3) Project Bank Account is the account used to receive payments from the <i>Client</i> and to make payments to the Partners and Named Suppliers.</p> <p>(4) A Supplier is a person or organisation who has a contract with a Partner to</p> <ul style="list-style-type: none"> • construct or install part of the <i>works</i>, • provide a service necessary to Provide the Works or • supply Plant and Materials for the <i>works</i>. <p>(5) Trust Deed is an agreement in the form set out in the Scope which contains provisions for administering the Project Bank Account.</p> <p>(6) Joining Deed is an agreement in the form set out in the Scope under which the Supplier joins the Trust Deed.</p>	
		50.2	The Alliance Board establishes the Project Bank Account with the <i>project bank</i> within three weeks of the Contract Date.	
		50.3	The Partners pay any charges made and are paid any interest paid by the <i>project bank</i> .	
		50.4	The Partners include in contracts with Named Suppliers the arrangements in the contract for the operation of the Project Bank Account and Trust Deed. The Partners inform Named Suppliers of the details of the Project Bank Account and the arrangements for payment of amounts due under their contracts.	
		50.5	A Partner submits proposals for adding a Supplier to the Named Suppliers to the Alliance Board for acceptance. The Alliance and the Supplier sign the Joining Deed after acceptance.	
		51		
		Assessing the amount due	51	
		51.1	<p>The Alliance Manager, in consultation with the Partners, assesses the amount due to each Partner and submits an application for payment to the <i>Client's Representative</i> before each assessment date. The first assessment date is decided by the Alliance Board and is not later than the <i>assessment interval</i> after the <i>starting date</i>. Later assessment dates occur at the end of each <i>assessment interval</i> until the final certificate. The <i>Client's Representative</i> issues the final certificate</p> <ul style="list-style-type: none"> • four weeks after the <i>Client's Representative</i> issues the Defects Certificate or • thirteen weeks after the Alliance Manager issues a termination certificate. <p>The final certificate is conclusive evidence of the final amount due under or in connection with the contract unless a dispute on the amount is referred to Alliance Board for final resolution within four weeks of the date of the final certificate.</p>	
		51.2	<p>The Alliance Manager's application for payment includes the amount due to the Partners, details of how the amount has been assessed and is in the form stated in the Scope.</p> <p>The Alliance Manager shows in the application for payment the amounts due to Named Suppliers in accordance with their contracts.</p>	

CORE CLAUSES

OPTION CLAUSES

COST COMPONENTS

CONTRACT DATA

- 51.3 The amount due at the assessment date is the total of the Partner's
 - Price for Work Done to Date,
 - plus other amounts to be paid to the Partners,
 - less amounts to be paid by or retained from the Partners.
- 51.4 If the Alliance Manager has incorrectly assessed the amount due in an application made before the assessment date, the *Client's Representative* informs the Alliance Manager of the error and the Alliance Manager corrects the amount due.
- 51.5 Payments of Defined Cost made by a Partner in a currency other than the *currency of the contract* are included in the amount due as payments to be made to it in the same currency. Such payments are converted to the *currency of the contract* in order to calculate the Fee using the *exchange rates*.
- 51.6 The Alliance and *named suppliers* sign the Trust Deed before the first assessment date.

Payment

- 52**
- 52.1 The *Client's Representative* certifies a payment within one week of each assessment date. The first payment is the amount due. Other payments are the change in the amount due since the previous assessment. A payment is made by the Partners to the *Client* if the change reduces the amount due. Other payments are made by the *Client* to the Partners. Payments are in the *currency of the contract* unless otherwise stated in the contract.
 - 52.2 Each certified payment by the *Client* is made into the Project Bank Account within the time set out in the banking arrangements to allow the *project bank* to make payment to the Partners and Named Suppliers within three weeks of the assessment date or, if a different period is stated in the Contract Data, within the period stated. If a certified payment is late, or if a payment is late because the *Client's Representative* has not issued a certificate which should be issued, interest is paid on the late payment. Interest is assessed from the date by which the late payment should have been made until the date when the late payment is made, and is included in the first assessment after the late payment is made.
 - 52.3 Interest is calculated on a daily basis at the *interest rate* and is compounded annually.
 - 52.4 Any tax which the law requires a member of the Alliance to pay is added to any payment made under the contract.
 - 52.5 The Alliance Manager prepares the Authorisation, setting out the sums due to Named Suppliers as assessed by the Alliance Manager and to the Partners for the balance of the payment due under the contract. The Alliance Manager issues a copy of the Authorisation to the *Client's Representative* and submits it to the *project bank* no later than four days before the date for payment.
 - 52.6 The Partners and Named Suppliers receive payment from the Project Bank Account of the sums set out in the Authorisation as soon as practicable after the Project Bank Account receives payment.
 - 52.7 A payment which is due from a Partner to the *Client* is not made through the Project Bank Account.

Defined Cost

- 53**
- 53.1 All the Partners costs which are not included in the Defined Cost are treated as included in the Fee. Defined Cost includes only amounts calculated using rates and percentages stated in the Contract Data and other amounts at open market or competitively tendered prices with deductions for all discounts, rebates and taxes which can be recovered.
 - 53.2 The Partners keeps these records
 - accounts of payments of Defined Cost,
 - proof that the payments have been made,
 - communications about and assessments of compensation events for Subcontractors and
 - other records as stated in the Scope.

- 53.3 The Partners allow the Alliance Manager and the *Client's Representative* to inspect at any time within working hours the accounts and records which it is required to keep.
- 53.4 The Alliance Manager notifies the Alliance Board when a part of Defined Cost has been finalised, and makes available for inspection the records necessary to demonstrate that it has been correctly assessed. The Alliance Board reviews the records made available, and no later than thirteen weeks after the Alliance Manager's notification
- accepts that part of Defined Cost as correct,
 - notifies the Alliance Manager that further records are needed or
 - notifies the Alliance Manager of errors in its assessment.
- The Alliance Manager provides any further records requested or advises the correction of the errors in its assessment within four weeks of the Alliance Board's notification. The Alliance Board reviews the records provided, and within four weeks
- accepts the cost as correct or
 - notifies the Alliance Manager of the correct assessment of that part of Defined Cost.

Performance measurements

- 54**
- 54.1 From the *starting date* until Completion of the whole of the *works*, the Alliance Manager reports to the *Client's Representative* the Alliance's performance against the Alliance Objectives. Reports are provided at the intervals stated in the Contract Data and include the forecast final measurement against each objective.
- 54.2 If the Alliance Manager's forecast final measurement against an Alliance Objective will not achieve the performance level stated, the Alliance Manager submits to the *Client's Representative* for acceptance the Alliance's proposals for improving performance. The *Client's Representative* either accepts the proposals or states that they will not provide the improvement in performance needed to achieve the Operational Requirements and provides the reasons for not accepting the proposals in sufficient detail to enable the Alliance to correct the matter. The Alliance Manager resubmits the communication within the period for reply taking account of these reasons.
- 54.3 At the dates stated in the Performance Table, the *Client's Representative* assesses the Alliance's performance in accordance with the Performance Table.
- At the date stated in Performance Table the *Client's Representative* assess the difference between the Budget and the forecast Total Price for Work Done to Date.
- 54.4 If the Budget is greater than the forecast Total Price for Work Done to Date a Budget saving has been created and the Partners are paid the amount stated in the Performance Table. If the forecast Total Price for Work Done to Date is greater than the Budget a Budget overspend has been created and the Partners pay the amount stated in the Performance Table.
- If a part of the *works* exceeds a target stated for an Alliance Objective, other than a Budget saving or overspend, and the *Client's Representative* forecasts there is sufficient saving from the Budget to cover the payment, the Partners are paid the amount stated in the Performance Table assessed by the *Client's Representative*.
- If a part of the *works* exceeds a target stated for an Alliance Objective, other than a saving or overspend, and the *Client's Representative* forecasts there will be an overspend, the amount the Partners pay towards the overspend is reduced by the amount stated in the Performance Table assessed by the *Client's Representative*.
- If a part of the *works* does not meet a target stated for an Alliance Objective, in addition to a payment in respect of a saving or overspend the Partners pay the amount stated in the Performance Table assessed by the *Client's Representative*.

6. COMPENSATION EVENTS

Compensation events	60	<p>60.1 The following are compensation events.</p> <p>(1) The <i>Client's Representative</i> gives an instruction changing the Scope.</p> <p>(2) The Alliance Board give an instruction changing the Scope in order to avoid or reduce the effects of a compensation event.</p> <p>(3) The <i>Client</i> does not allow access to and use of each part of the Site by the later of its <i>access date</i> and the date for access shown on the Accepted Programme.</p> <p>(4) The <i>Client's Representative</i> gives an instruction to stop or not to start any work.</p> <p>(5) The <i>Client</i> or Others carry out work on the Site that is not stated in the Scope.</p> <p>(6) The <i>Client's Representative</i> certifies take over of a part of the <i>works</i> before both Completion and the Completion Date.</p> <p>(7) A breach of contract by the <i>Client</i> which is not one of the other compensation events in the contract.</p> <p>(8) An event which</p> <ul style="list-style-type: none"> • stops the Alliance completing the whole of the <i>works</i> or • stops the Alliance completing the whole of the <i>works</i> by the date for planned Completion shown on the Accepted Programme, <p>and which</p> <ul style="list-style-type: none"> • the Alliance could not prevent, • people or organisations experienced in works similar to the <i>works</i> would have judged at the Contract Date to have such a small chance of occurring that it would have been unreasonable to have allowed for it and • is not one of the other compensation events stated in the contract. <p>(9) Additional compensation events stated in the Contract Data.</p>
Notifying compensation events	61	<p>61.1 The Alliance notifies the Alliance Manager of an event which has happened or which is expected to happen if it believes the event is a compensation event.</p> <p>61.4 The Alliance Manager responds to the notification of a compensation event within one week. If the event</p> <ul style="list-style-type: none"> • arises from a fault of the Alliance, • has not happened and is not expected to happen, • has no effect upon the Budget, an Alliance Objective or Completion or • is not one of the compensation events stated in the contract <p>the Alliance Manager notifies the Alliance Board that the Budget, Performance Table and the Completion Date are not to be changed and states the reasons in the notification. Otherwise, the Alliance Manager produces a quotation.</p> <p>61.4 A compensation event is not notified by the Alliance after the issue of the Defects Certificate.</p>

Quotations for compensation events

62

- 62.1 Quotations for a compensation event comprise proposed changes to the Budget and the Performance Table and any delay to the Completion Date assessed by the Alliance Manager. The Alliance Manager submits details of the assessment with each quotation. If the programme for remaining work is altered by the compensation event, the Alliance Manager includes the alterations to the Accepted Programme in the quotation.
- 62.2 The Alliance Manager submits quotations to the Alliance Board within three weeks of the notification.
- 62.3 The Alliance Board replies to the quotation submitted within two weeks and either
 - accepts the quotation or
 - instructs the Alliance Manager to submit a revised quotation after stating the reasons for doing so.
- 62.4 The Alliance Manager submits a revised quotation within three weeks of being instructed to do so.

Assessing compensation events

63

- 63.1 The change to the Budget is assessed as the effect of the compensation event upon
 - the actual Defined Cost of the work done by the dividing date,
 - the forecast Defined Cost of the work not done by the dividing date and
 - the resulting Fee
 and
 - the *Client's* Costs

For a compensation event that arises from the *Client's Representative* giving an instruction or notification, issuing a certificate or changing an earlier decision, the dividing date is the date of that communication.

For other compensation events, the dividing date is the date of the notification of the compensation event.
- 63.2 The Alliance Manager and the Alliance Board may agree rates or lump sums to assess the change to the Budget.
- 63.3 If the effect of a compensation event is to reduce the total Defined Cost, the Budget is not reduced unless otherwise stated in these *conditions of contract*.
- 63.4 If the effect of a compensation event is to reduce the total Defined Cost and the event is a change to the Scope instructed by the *Client's Representative* the Budget is reduced.
- 63.5 A delay to the Completion Date is assessed as the length of time that, due to the compensation event, planned Completion is later than planned Completion as shown on the Accepted Programme current at the dividing date.

When assessing delay only those operations which the Alliance has not completed and which are affected by the compensation event are changed.
- 63.6 A change to the Performance Table is assessed as the effect of the compensation event upon the targets stated in the Performance Table.
- 63.7 The rights of the Alliance to changes to the Budget, the Performance Table and the Completion Date are their only rights in respect of a compensation event.
- 63.8 The assessment of the effect of a compensation event includes risk allowances for cost and time for matters which have a significant chance of occurring and are not compensation events.
- 63.9 The assessment of the effect of a compensation event is based upon the assumptions that the Alliance reacts competently and promptly to the event and that any Defined Cost and time due to the event are reasonably incurred.

Implementing compensation events

- 64**
- 64.1 A compensation event is implemented when the Alliance Board accepts the Alliance Manager's quotation.
 - 64.2 When a compensation event is implemented the Budget, the Completion Date and the Performance Table are changed accordingly
 - 64.3 The assessment of an implemented compensation event is not revised except as stated in these *conditions of contract*.

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7. TITLE

The Client's title to Plant and Materials	70	
	70.1	Whatever title a Partner has to Plant and Materials which are outside the Working Areas passes to the <i>Client</i> if the <i>Client's Representative</i> has marked them as for the contract.
	70.2	Whatever title a Partner has to Plant and Materials passes to the <i>Client</i> if they have been brought within the Working Areas. The title to Plant and Materials passes back to the Partner if they are removed from the Working Areas with the <i>Client's Representative's</i> permission.
<hr/>		
Marking Equipment, Plant and Materials outside the Working Areas	71	
	71.1	The <i>Client's Representative</i> marks Equipment, Plant and Materials which are outside the Working Areas if <ul style="list-style-type: none"> • the contract identifies them for payment and • the Alliance has prepared them for marking as the Scope requires.
<hr/>		
Objects and materials within the Site	72	
	72.1	The Partners have no title to an object of value or of historical or other interest within the Site. The Alliance Manager informs the <i>Client's Representative</i> when such an object is found and the <i>Client's Representative</i> instructs the Alliance how to deal with it. The Alliance does not move the object without instructions.
	72.2	The Partners have title to materials from excavation and demolition unless the Scope states otherwise.
<hr/>		
The Partners use of material	73	
	73.1	The Partners have the right to use material provided by the <i>Client</i> only to Provide the Works. The Partners may make this right available to a Subcontractor.

CORE CLAUSES

OPTION CLAUSES

COST COMPONENTS

CONTRACT DATA

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8. LIABILITIES AND INSURANCE

Client's liabilities	80	
	80.1	The following are <i>Client's</i> liabilities. <ul style="list-style-type: none"> • Claims and proceedings from Others and compensation and costs payable to Others that are not the liability of a Partner.
Partners' liabilities	81	
	81.1	The following are Partners' liabilities. <ul style="list-style-type: none"> • Claims and proceedings from Others and compensation and costs payable to Others which <ul style="list-style-type: none"> – arise from or in connection with a Partner providing a part of the <i>works</i> and – are a result of wilful default of the Partner. • Death or bodily injury to the employees of a Partner.
Alliance's liabilities	82	
	82.1	Liabilities that are not <i>Client</i> or Partner liabilities are liabilities of the Alliance.
Recovery of costs	83	
	83.1	Any cost which the <i>Client</i> has paid or will pay as a result of an event for which a Partner is liable is paid by that Partner.
	83.2	Any cost which a Partner has paid or will pay to Others as a result of an event for which the <i>Client</i> is liable is paid by the <i>Client</i> .
	83.3	The right of the <i>Client</i> or a Partner to recover these costs is reduced if an event for which they were liable contributed to the costs. The reduction is in proportion to the extent that the event for which that Party is liable contributed, taking into account each Party's responsibilities under the contract.
Insurance cover	84	
	84.1	Each member of the Alliance provides insurance against death of or bodily injury to their employees arising out of and in the course of their employment in connection with the contract. The minimum amount of cover is the greater of the amount required by the applicable law and the amount stated in the Contract Data for any one event.
	84.2	The Partners provide additional insurances as stated in the Contract Data.
	84.2	The <i>Client</i> provides the insurances stated in the Insurance Table except any insurance which the Partners are to provide as stated in the Contract Data. The <i>Client</i> provides additional insurances as stated in the Contract Data.
	84.3	The insurances in the Insurance Table are in the joint names of the Alliance. The insurances provide cover for events which are the <i>Clients</i> and the Alliance's liability from the <i>starting date</i> until the Defects Certificate or a termination certificate has been issued.

INSURANCE TABLE	
INSURANCE AGAINST	MINIMUM AMOUNT OF COVER
Loss of or damage to the <i>works</i> , Plant and Materials	The replacement cost
Loss of or damage to Equipment	The replacement cost
Loss of or damage to property (except the <i>works</i> , Plant and Materials and Equipment) and liability for bodily injury to or death of a person (not an employee of a member of the Alliance) arising from or in connection with the Alliance Providing the Works.	The amount stated in the Contract Data for any one event with cross liability so that the insurance applies to each of the members of the Alliance separately
Liability arising out of the Alliance's failure to use the skill and care normally used by professionals providing works similar to the <i>works</i>	The amount stated in the Contract Data

Insurance policies	85	
	85.1	Before the <i>starting date</i> and on each renewal of the insurance policy until the <i>defects date</i> , the Partners submit to the <i>Client's Representatives</i> for acceptance certificates which state that the insurance required by the contract is in force. The certificates are signed by the Partners' insurer or insurance broker. The <i>Client's Representative</i> accepts the certificates if the insurance complies with the contract and if the insurer's commercial position is strong enough to carry the insured liabilities.
	85.2	Insurance policies include a waiver by the insurers of their subrogation rights against the members of the Alliance and the directors and other employees of every insured except where there is fraud.
	85.3	The Alliance comply with the terms and conditions of the insurance policies to which they are a party.
<hr/>		
If the Partners do not insure	86	
	86.1	The <i>Client</i> may insure an event or liability which the contract requires a Partner to insure if the Partner does not submit a required certificate. The cost of this insurance to the <i>Client</i> is paid by the Partner.
<hr/>		
Insurance by the Client	87	
	87.1	The <i>Client's Representative</i> submits certificates for insurance provided by the <i>Client</i> to the Partners for acceptance before the <i>starting date</i> and afterwards as the Partners instruct. The Partners accept the certificates if the insurance complies with the contract and if the insurer's commercial position is strong enough to carry the insured liabilities.
	87.2	The Partners' acceptance of an insurance certificate provided by the <i>Client</i> does not change the responsibility of the <i>Client</i> to provide the insurances stated in the Contract Data.
	87.3	The Partners may insure an event or liability which the contract requires the <i>Client</i> to insure if the <i>Client</i> does not submit a required certificate. The cost of this insurance to the Partner is paid by the <i>Client</i> .

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9. TERMINATION, RESOLVING AND AVOIDING DISPUTES

Termination

90

- 90.1 If the *Client* or the Alliance Board wishes to terminate the obligation of all Partners to participate in Providing the Works, it notifies the Alliance Manager and the Partners giving details of the reason for terminating. The Alliance Manager issues a termination certificate if the reason complies with the contract.
- 90.2 If the Alliance Board wishes to terminate the obligation of a Partner to participate in Providing the Works, it notifies the Partner, the Alliance Manager, the *Client* and the other Partners giving details of the reason for terminating. The Alliance Manager issues a termination certificate if the reason complies with the contract.
- 90.3 If a Partner wishes to terminate its obligation to participate in Providing the Works it notifies the Alliance Manager, the *Client* and the other Partners giving details of the reason for terminating. The Alliance Manager issues a termination certificate if the reason complies with the contract.
- 90.4 The Alliance Board, the *Client*, or a Partner may terminate for a reason identified in the Termination Table. The procedures followed and the amounts due on termination to the Partner whose obligation to participate in Providing the Works is terminated are in accordance with the Termination Table.

TERMINATION TABLE			
TERMINATING PARTY	REASON	PROCEDURE	AMOUNT DUE
The Alliance Board	R1–R7,	P1, P3 and P5	A1, A3 and A7
	R8–R10	P2 and P6	A1, A2 and A7
	R11 and R12	P2 and P6	A1 and A2
The <i>Client</i>	R13	P2 and P4	A1, A2 and A4
A Partner	R16	P1, P2 and P5	A1, A3 and A7

- 90.5 The procedures for termination are implemented immediately after the Alliance Manager has issued a termination certificate.
- 90.6 After a termination certificate has been issued, if
 - a Partner has had its obligation to participate in Providing the Works terminated,
 - the Alliance has had its obligation to participate in Providing the Works terminated or
 - the *Client* has had its obligation to participate in Providing the Works terminated,
 it does no further work necessary to Provide the Works.

Reasons for termination

91

- 91.1 The Alliance Board may terminate the obligation of a Partner to participate in Providing the Works if all members of the Alliance, other than the Partner subject to the termination agree and
 - the Partner has incurred an insolvency event (R1),
 - the Alliance Manager has notified the Alliance Board that the Partner has not put one of the following defaults right within four weeks of the date when the Alliance Manager notified the Partner of the default
 - substantially failed to comply with its obligations (R2) or
 - not provided a bond or guarantee which the contract requires (R3),

- the Partner has appointed a Subcontractor for substantial work before the Alliance Board has accepted the Subcontractor (R4),
 - the Alliance Manager has notified the Alliance Board that the Partner has not stopped one of the following defaults within four weeks of the date when the Alliance Manager notified the Partner of the default
 - substantially hindered the Alliance or Others (R5) or
 - substantially broken a health or safety regulation (R6),
 - the Partner does a Corrupt Act, unless it was done by a Subcontractor or supplier and the Partner
 - was not and should not have been aware of the Corrupt Act or
 - informed the *Client's Representative* of the Corrupt Act and took action to stop it as soon as the Partner became aware of it (R7).
- 91.2 The Alliance Board may terminate the obligation of all the Partners to participate in Providing the Works if all of the Alliance, other than the *Client* agree and
- the *Client* has incurred an insolvency event (R8),
 - the *Client* has not paid an amount due under the contract within thirteen weeks of the date that it should have been paid (R9) or
 - the *Client's Representative* has instructed the Alliance to stop or not to start any substantial work or all work and an instruction allowing the work to re-start or start or removing work from the Scope has not been given within thirteen weeks (R10).
- 91.3 The Alliance Board may terminate the obligation of all members of the Alliance to participate in Providing the Works if
- the Alliance has been released under the law from further performance of the whole of the contract (R11),
 - an event occurs which
 - stops the Alliance completing the whole of the *works* or
 - stops the Alliance completing the whole of the *works* by the date for planned Completion shown on the Accepted Programme and is forecast to delay Completion of the whole of the *works* by more than thirteen weeks,
 and which
 - the Alliance could not prevent and
 - people or organisations experienced in works similar to the *works* would have judged at the Contract Date to have such a small chance of occurring that it would have been unreasonable to have allowed for it (R12).
- 91.4 The *Client* may terminate the obligation of all Partners to participate in Providing the Works for any other reason (R13).
- 91.5 A Partner may terminate its obligation to participate in Providing the Works for any reason (R14).

Procedures on termination	92	The procedure on termination is one or more of the following as set out in the Termination Table.
	92.1	
	P1	On termination, the Alliance may complete the <i>works</i> .
	P2	On termination, the <i>Client</i> may complete the <i>works</i> and may use any Plant and Materials to which it has title.
	P3	The Alliance Board may instruct a Partner to leave the Site, remove any Equipment, Plant and Materials from the Site and assign the benefit of any subcontract or other contract related to performance of the contract to a Partner.
	P4	The <i>Client</i> may instruct all Partners to leave the Site, remove any Equipment, Plant and Materials from the Site and assign the benefit of any subcontract or other contract related to performance of the contract to the <i>Client</i> .
	P5	The Alliance may use any Equipment to which a Partner has title to complete the <i>works</i> . The Partner promptly removes the Equipment from Site when the Alliance Manager informs the Partner that the Alliance no longer requires it to complete the <i>works</i> .
	P6	The Partners leave the Working Areas and remove Equipment.
	P7	The Alliance Board appoint a replacement Partner if necessary.
Payment on termination	93	The amount due on termination includes (A1)
	93.1	<ul style="list-style-type: none"> • an amount due assessed as for normal payments, • the Defined Cost for Plant and Materials <ul style="list-style-type: none"> – within the Working Areas or – to which the <i>Client</i> has title and of which the Partner has to accept delivery, • other Defined Cost reasonably incurred in expectation of completing the whole of the <i>works</i> and • any amounts retained by the <i>Client</i>.
	93.2	The amount due on termination also includes one or more of the following as set out in the Termination Table.
	A2	The forecast Defined Cost of removing the Equipment.
	A3	A deduction of the forecast of the additional cost to the Alliance or <i>Client</i> of completing the whole of the <i>works</i> .
	A4	The <i>fee percentage</i> applied to, any excess of the first forecast of the Defined Cost of the <i>works</i> over the Price for Work Done to Date less the Fee for that part of the <i>works</i> .
No formal dispute resolution	94	The members of the Alliance agree that disputes between them arising out of or in connection with the contract can only be resolved in accordance with these <i>conditions of contract</i> .
	94.1	
Resolving and avoiding disputes	95	A dispute between the Alliance arising under or in connection with the contract is referred to Alliance Board for final resolution.
	95.1	

- 95.2 The Alliance Board appoints the *Senior Representatives* of each member of the Alliance in dispute to resolve the dispute.

The *Senior Representatives* attend as many meetings and use any procedure they consider necessary to try to resolve the dispute over a period of no more than three weeks, or a longer period to which the Alliance Board agrees. The *Senior Representatives* report to the Alliance Board that they have resolved the dispute or explain why they have been unable to resolve it.

If the dispute remains unresolved the Alliance Board resolves the issue. It may seek assistance in resolving the dispute including seeking a third party audit or opinion.

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Option Clauses

OPTION X2: CHANGES IN THE LAW

Changes in the law	X2	
	X2.1	A change in the law of the country in which the Site is located is a compensation event if it occurs after the Contract Date. If the effect of a compensation event which is a change in the law is to reduce the total Defined Cost, the Budget is reduced.

OPTION X4: ULTIMATE HOLDING COMPANY GUARANTEE

Ultimate holding company guarantee	X4	
	X4.1	If a Partner is a subsidiary of another company, the Partner gives to the <i>Client</i> a guarantee of the Partner's performance from the ultimate holding company of the Partner in the form set out in the Scope. If the guarantee was not given by the Contract Date, it is given to the <i>Client</i> within four weeks of the Contract Date.
	X4.2	The Partner may propose an alternative guarantor who is also owned by the ultimate holding company for acceptance by the <i>Client's Representative</i> .

OPTION X9: TRANSFER OF RIGHTS

Transfer of rights	X9	
	X9.1	The <i>Client</i> owns the Partner's rights over material prepared for the design of the <i>works</i> except as stated otherwise in the Scope. The Partner obtains other rights for the <i>Client</i> as stated in the Scope and obtains from a Subcontractor equivalent rights for the <i>Client</i> over the material prepared by the Subcontractor. The Partner provides to the <i>Client</i> the documents which transfer these rights to the <i>Client</i> .

OPTION X10: INFORMATION MODELLING

Defined terms	X10	
	X10.1	<p>(1) The Information Execution Plan is the <i>information execution plan</i> or is the latest Information Execution Plan accepted by the Alliance Board. The latest Information Execution Plan accepted by the Alliance Board supersedes the previous Information Execution Plan.</p> <p>(2) Project Information is information provided by the Alliance and other Information Providers which is used to create or change the Information Model.</p> <p>(3) The Information Model is the electronic integration of Project information in the form stated in the Information Model Requirements.</p> <p>(4) The Information Model Requirements are the requirements identified in the Scope for creating the Information Model.</p> <p>(5) Information Providers are the people or organisations who contribute to the Information Model and are identified in the Information Model Requirements.</p>
Information Model	X10.2	The Alliance creates the Information Model.
Collaboration	X10.3	The Alliance collaborates with other Information Providers as stated in the Information Model Requirements.

CORE CLAUSES	Early warning	X10.4	A member of the Alliance gives an early warning by notifying the Alliance Manager as soon as they become aware of any matter which could adversely affect the creation or use of the Information Model.	
	Information Execution Plan	X10.5	<p>(1) If an Information Execution Plan is not identified in the Contract Data, the Alliance Manager submits a first Information Execution Plan to the Alliance Board for acceptance within the period stated in the Contract Data.</p> <p>(2) Within two weeks of the Alliance Manager submitting an Information Execution Plan for acceptance, the Alliance Board notifies the Alliance Manager of the acceptance of the Information Execution Plan or the reasons for not accepting it.</p> <p>(3) The Alliance Manager submits a revised Information Execution Plan to the Alliance Board for acceptance</p> <ul style="list-style-type: none"> • within the <i>period for reply</i> after the Alliance Board has instructed it to and • when the Alliance Manager chooses to. <p>(4) The Alliance provides the Project Information in the form stated in the Information Requirements and in accordance with the accepted Information Execution Plan.</p>	
		Compensation events	X10.6	If the Information Execution Plan is altered by a compensation event, the Alliance Manager includes the alterations to the Information Execution Plan in the quotation for the compensation event.
		Use of the model	X10.7	At Completion of the whole of the <i>works</i> , the Alliance gives to the <i>Client</i> the Information Model and the Partners' rights over Project Information except as stated otherwise in the Information Requirements. The Partners obtain from a Subcontractor equivalent rights for the <i>Client</i> over information prepared by the Subcontractor. The Partners provide to the <i>Client</i> the documents which transfer these rights to the <i>Client</i> .

OPTION X18: LIMITATION OF LIABILITY

COST COMPONENTS	Limitation of liability	X18	
		X18.1	Each of the limits to the Partners' liability in this clause apply if a limit is stated in the Contract Data.
		X18.5	<p>The Partners' total liability to the <i>Client</i> for all matters arising under or in connection with the contract, other than</p> <ul style="list-style-type: none"> • a failure to meet and Alliance Objective and • other payments in the Performance Table, <p>is limited to the amount stated in the Contract Data and applies in contract, tort or delict and otherwise to the extent allowed under the <i>law of the contract</i>.</p>
CONTRACT DATA		X18.6	The Partners are not liable to the <i>Client</i> for a matter unless details of the matter are notified to the <i>Contractor</i> before the <i>end of liability date</i> .

Option Y

OPTION Y(UK)2: THE HOUSING GRANTS, CONSTRUCTION AND REGENERATION ACT 1996

The Housing Grants, Construction and Regeneration Act 1996 Y(UK)2

Definitions	Y2.1	In this Option, time periods stated in days exclude Christmas Day, Good Friday and bank holidays.
Dates for payment	Y2.2	<p>The date on which a payment becomes due is seven days after the assessment date. The date on which the final payment becomes due is</p> <ul style="list-style-type: none"> • five weeks after the issue of the Defects Certificate or • if the Alliance Manager has issued a termination certificate, fourteen weeks after the issue of the certificate. <p>The final date for payment is fourteen days after the date on which payment becomes due or a different period for payment if stated in the Contract Data.</p> <p>The <i>Client's Representative's</i> certificate is the notice of payment specifying the amount due at the payment due date (the notified sum, which may be zero) and stating the basis on which the amount was calculated.</p>
Notice of intention to pay less	Y2.3	If the <i>Client</i> or the Partners intend to pay less than the notified sum, they notify the other not later than seven days (the prescribed period) before the final date for payment by stating the amount considered to be due and the basis on which that sum is calculated. The <i>Client</i> or the Partners do not withhold payment of an amount due under the contract unless it has notified its intention to pay less than the notified sum as required by the contract.
	Y2.4	<p>If the Alliance Board terminates for reason R1 and a certified payment has not been made at the date of the termination certificate, the <i>Client</i> makes the certified payment unless</p> <ul style="list-style-type: none"> • it has notified the Alliance Manager in accordance with the contract that it intends to pay less than the notified sum or • the reason for termination occurred after the last date on which it could have notified the Alliance Manager in accordance with the contract that it intends to pay less than the notified sum.
Suspension of performance	Y2.5	If a Partner exercises its right under the Housing Grants, Construction and Regeneration Act 1996 as amended by the Local Democracy, Economic Development and Construction Act 2009 to suspend performance, it is a compensation event.

OPTION Y(UK)3: THE CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

Third party rights Y(UK)3

- Y3.1 A *beneficiary* may enforce the terms of the contract stated in the Contract Data under the Contracts (Rights of Third Parties) Act 1999.
- Y3.2 Other than the members of the Alliance or a *beneficiary*, no person can enforce any of the terms of the contract under the Contracts (Rights of Third Parties) Act 1999.
- Y3.3 If a *beneficiary* is identified by class or description and not as a named person or organisation, the *Client* notifies the Alliance of the name of the *beneficiary* once they have been identified.

CORE CLAUSES

OPTION CLAUSES

COST COMPONENTS

CONTRACT DATA

OPTION Z: ADDITIONAL CONDITIONS OF CONTRACT**Additional conditions of contract**

Z1

Z1.1 The *additional conditions of contract* stated in the Contract Data are part of the contract.

CORE CLAUSES

OPTION CLAUSES

COST COMPONENTS

CONTRACT DATA

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Schedule of Cost Components

		<p>An amount is included</p> <ul style="list-style-type: none"> • only in one cost component, and • only if it is incurred in order to Provide the Works.
People	1	<p>The following components of</p> <ul style="list-style-type: none"> • the cost of people who are directly employed by ta Partner and whose normal place of working is within the Working Areas and • the cost of people who are directly employed by a Partner and whose normal place of working is not within the Working Areas but who are working in the Working Areas, proportionate to the time they spend working in the Working Areas. <p>11 Wages, salaries and amounts paid by the Partner for people paid according to the time worked on the contract.</p> <p>12 Payments related to work on the contract and made to people for</p> <ul style="list-style-type: none"> (a) bonuses and incentives (b) overtime (c) working in special circumstances (d) special allowances (e) absence due to sickness and holidays (f) severance. <p>13 Payments made in relation to people in accordance with their employment contract for</p> <ul style="list-style-type: none"> (a) travel (b) subsistence and lodging (c) relocation (d) medical examinations (e) passports and visas (f) travel insurance (g) items (a) to (f) for dependants (h) protective clothing (i) contributions, levies or taxes imposed by law (j) pensions and life assurance (k) death benefit (l) occupational accident benefits (m) medical aid and health insurance (n) a vehicle (o) safety training.

14 The following components of the cost of people who are not directly employed by a Partner but are paid for by the Partner according to the time worked while they are within the Working Areas.

Amounts paid by the Partner.

Equipment

2 The following components of the cost of Equipment which is used within the Working Areas.

21 Payments for the hire or rent of Equipment not owned by

- a Partner,
- the Partner's ultimate holding company or
- a company with the same ultimate holding company

at the hire or rental rate multiplied by the time for which the Equipment is required.

22 Payments for Equipment which is not listed in the Contract Data but is

- owned by a Partner,
- purchased by a Partner under a hire purchase or lease agreement or
- hired by a Partner from the Partner's ultimate holding company or from a company with the same ultimate holding company

at open market rates, multiplied by the time for which the Equipment is required.

23 Payments for Equipment purchased for work included in the contract listed with a time-related on cost charge, in the Contract Data, of

- the change in value over the period for which the Equipment is required and
- the time-related on cost charge stated in the Contract Data for the period for which the Equipment is required.

The change in value is the difference between the purchase price and either the sale price or the open market sale price at the end of the period for which the Equipment is required. Interim payments of the change in value are made at each assessment date. A final payment is made in the next assessment after the change in value has been determined.

If the Alliance Manager agrees, an additional item of Equipment may be assessed as if it had been listed in the Contract Data.

24 Payments for special Equipment listed in the Contract Data. These amounts are the rates stated in the Contract Data multiplied by the time for which the Equipment is required.

If the Alliance Manager agrees, an additional item of special Equipment may be assessed as if it had been listed in the Contract Data.

25 Payments for the purchase price of Equipment which is consumed.

26 Unless included in the hire or rental rates, payments for

- transporting Equipment to and from the Working Areas other than for repair and maintenance,
- erecting and dismantling Equipment and
- constructing, fabricating or modifying Equipment as a result of a compensation event.

27 Payments for purchase of materials used to construct or fabricate Equipment.

28 Unless included in the hire rates, the cost of operatives is included in the cost of people.

Plant and Materials

3 The following components of the cost of Plant and Materials.

	31	Payments for <ul style="list-style-type: none"> • purchasing Plant and Materials, • delivery to and removal from the Working Areas, • providing and removing packaging and • samples and tests.
	32	Cost is credited with payments received for disposal of Plant and Materials unless the cost is disallowed.
Subcontractors	4	The following components of the cost of Subcontractors.
	41	Payments to Subcontractors for work which is subcontracted without taking into account any amounts paid to or retained from the Subcontractor by the Partner, which would result in the <i>Client</i> paying or retaining the amount twice.
Charges	5	The following components of the cost of charges paid or received by a Partner.
	51	Payments for the provision and use in the Working Areas of <ul style="list-style-type: none"> • water, • gas, • electricity, • telephone and • internet.
	52	Payments to public authorities and other properly constituted authorities of charges which they are authorised to make in respect of the <i>works</i> .
	53	Payments made and received for <ul style="list-style-type: none"> (a) cancellation charges arising from a compensation event (b) buying or leasing land or buildings within the Working Area (c) compensation for loss of crops or buildings (d) royalties (e) inspection certificates (f) charges for access to the Working Areas (g) facilities for visits to the Working Areas by Others (h) any charges made and any interest paid by the <i>project bank</i>
	54	Payments made and received by a Partner for the removal from Site and disposal or sale of materials from excavation and demolition
Manufacture and fabrication	6	The following components of the cost of manufacture and fabrication of Plant and Materials which are <ul style="list-style-type: none"> • wholly or partly designed specifically for the <i>works</i> and • manufactured or fabricated outside the Working Areas.
	61	The total of the hours worked by employees multiplied by the hourly rates stated in the Contract Data for the categories of employees listed.
Design	7	The following components of the cost of design of the <i>works</i> and Equipment done outside the Working Areas.

- 71 The total of the hours worked by employees multiplied by the hourly rates stated in the Contract Data for the categories of employees listed.
- 72 The cost of travel to and from the Working Areas for the categories of design employees listed in the Contract Data.

Insurance

- 8 The following are deducted from cost
 - the cost of events for which the contract requires the Partner to insure and
 - other costs paid to the Partner by insurers.

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Contract Data

Completion of the data in full, according to the Options chosen, is essential to create a complete contract.

1 General

The *conditions of contract* are the core clauses and the clauses for the following Options of the NEC4 Alliance Contract June 2017

Options

The *works* are

The *Client* is

Name

Address for communications

Address for electronic communications

The *Client's Representative* is

Name

Address for communications

Address for electronic communications

Address for electronic communications

The *partners* are

Name (1)

Address for communications

Address for electronic communications

Name (2)

Address for communications

Address for electronic communications

Name (3)

Address for communications

Address for electronic communications

Name (4)

Address for communications

Address for electronic communications

The *alliance board* representatives are*Client*

Name

Address for communications

Address for electronic communications

partner

Name

Address for communications

Address for electronic communications

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partner
Name
Address for communications
Address for electronic communications

partner
Name
Address for communications
Address for electronic communications

partner
Name
Address for communications
Address for electronic communications

The key *persons* are

Name (1)
Job
Responsibilities
Qualifications
Experience

Name (2)
Job
Responsibilities
Qualifications
Experience

CORE CLAUSES

OPTION CLAUSES

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Name (3)

Job

Responsibilities

Qualifications

Experience

Name (4)

Job

Responsibilities

Qualifications

Experience

The Alliance Objectives are in

The Scope is in

The *boundaries of the site* are

The *language of the contract* is

The *law of the contract* is the law of

The *period for reply* is

 except that

- The period for reply for

 is

- The period for reply for

 is

The following matters will be included in the Early Warning Register

Early warning meetings are to be held at intervals no longer than

2 The Alliance's main responsibilities

	Alliance Board meetings are to be held at intervals no longer than	<input type="text"/>
	The number of <i>alliance board representatives</i> to constitute a quorum is	<input type="text"/>
	The <i>period for retention</i> following Completion of the whole of the <i>works</i> or earlier termination is	<input type="text"/>
	The Alliance Manager prepares forecasts of the total Defined Cost for the whole of the <i>works</i> at intervals no longer than	<input type="text"/>
Early involvement	The provisions for early involvement apply/do not apply (delete as applicable)	
	The Alliance Manager prepares forecasts of the Budget for Stage Two at intervals no longer than	<input type="text"/>
	The Pricing Information is in	<input type="text"/>

3 Time

	The <i>starting date</i> is	<input type="text"/>
	The <i>access dates</i> are	
	part of the Site	date
	(1) <input type="text"/>	<input type="text"/>
	(2) <input type="text"/>	<input type="text"/>
	(3) <input type="text"/>	<input type="text"/>
	The Alliance Manager submits revised programmes at intervals no longer than	<input type="text"/>
	The <i>completion date</i> for the <i>works</i> is	<input type="text"/>
If a programme is to be identified in the Contract Data	The programme identified in the Contract Data is	<input type="text"/>

CORE CLAUSES

OPTION CLAUSES

COST COMPONENTS

CONTRACT DATA

If no programme is identified in the Contract Data The period after the Contract Date within which the Alliance Manager is to submit a first programme for acceptance is

4 Quality management

The period after the Contract Date within which the Alliance Manager is to submit a quality policy statement and quality plan is

The period between Completion of the whole of the works and the defects date is

5 Payment

The project bank is

named suppliers are

The budget information is

The Client's cost schedule is

The performance table is

The interval for reports by the Alliance Manager on the Alliance's performance against the Operational Requirements is

The currency of the contract is the

The assessment interval is

The interest rate is % per annum (not less than 2) above the rate of the bank

If the period in which payments are made is not three weeks and Y(UK)2 is not used The period within which payments are made is

The exchange rates are those published in on (date)

The fee percentages are

partner	fee percentage
<input type="text"/>	<input type="text"/> %
<input type="text"/>	<input type="text"/> %
<input type="text"/>	<input type="text"/> %
<input type="text"/>	<input type="text"/> %

CORE CLAUSES

OPTION CLAUSES

COST COMPONENTS

CONTRACT DATA

6 Compensation events

If there are additional compensation events

These are additional compensation events

8 Liabilities and insurance

The minimum amount of cover for insurance against death of or bodily injury to employees of a member of the Alliance arising out of and in the course of their employment in connection with the contract for any one event is

The minimum amount of cover for insurance against loss of or damage to property (except the works, Plant and Materials and Equipment) and liability for bodily injury to or death of a person (not an employee of a member of the Alliance) arising from or in connection with the Alliance Providing the Works for any one event is

The minimum amount of cover for insurance against liability arising out the Alliance's failure to use the skill and care normally used by professionals providing works similar to the works for any one claim is

If the Partners are to provide any of the insurances stated in the Insurance Table

The Partners provide these insurances from the Insurance Table

(1) Insurance against

Minimum amount of cover is

The deductibles are

(2) Insurance against

Minimum amount of cover is

The deductibles are

(3) Insurance against

Minimum amount of cover is

The deductibles are

If additional insurances are to be provided

The *Client* provides these additional insurances

(1) Insurance against

Minimum amount of cover is

The deductibles are

(2) Insurance against
 Minimum amount of cover is
 The deductibles are
 (3) Insurance against
 Minimum amount of cover is
 The deductibles are

The Partners provide these additional insurances

(1) Insurance against
 Minimum amount of cover is
 The deductibles are
 (2) Insurance against
 Minimum amount of cover is
 The deductibles are
 (3) Insurance against
 Minimum amount of cover is
 The deductibles are

9 Termination, resolving and avoiding disputes

The *Senior Representatives* are

Client

Name (1)
 Address for communications
 Address for electronic communications

Name (2)
 Address for communications
 Address for electronic communications

<i>partner</i>	<input type="text"/>
Name (1)	<input type="text"/>
Address for communications	<input type="text"/>
Address for electronic communications	<input type="text"/>
Name (2)	<input type="text"/>
Address for communications	<input type="text"/>
Address for electronic communications	<input type="text"/>
<i>partner</i>	<input type="text"/>
Name (1)	<input type="text"/>
Address for communications	<input type="text"/>
Address for electronic communications	<input type="text"/>
Name (2)	<input type="text"/>
Address for communications	<input type="text"/>
Address for electronic communications	<input type="text"/>
<i>partner</i>	<input type="text"/>
Name (1)	<input type="text"/>
Address for communications	<input type="text"/>
Address for electronic communications	<input type="text"/>

CORE CLAUSES

OPTION CLAUSES

COST COMPONENTS

CONTRACT DATA

Consultation copy

Name (2)

Address for communications

Address for electronic communications

partner

Name (1)

Address for communications

Address for electronic communications

Name (2)

Address for communications

Address for electronic communications

Data for the Schedule of Cost Components

The listed items of Equipment purchased for work on the contract, with an on cost charge, are

Equipment	time-related on cost charge	per time period
<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>

The rates for special Equipment are

Equipment	rate
<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>

The rates for Defined Cost of manufacture and fabrication outside the Working Areas by the Partners is

category of person	rate
<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>

The rates for Defined Cost of design outside the Working Areas is

category of person	rate
<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>

The categories of design employees whose travelling expenses to and from the Working Areas are included as a cost of design of the works and Equipment done outside the Working Areas are

X10: Information modelling

If Option X10 is used

If an <i>information execution plan</i> is to be identified in the Contract Data	The <i>information execution plan</i> identified in the Contract Data is	<input type="text"/>
If no <i>information execution plan</i> is identified in the Contract Data	The period after the Contract Date within which the Alliance Manager is to submit a first Information Execution Plan for acceptance is	<input type="text"/>

X18: Limitation of liability

If Option X18 is used

The Partners' total liability to the *Client* for all matters arising under or in connection with the contract, other than a failure to meet an Alliance Objective and other payments in the Performance Table, is limited to

The *end of liability date* is years after the Completion of the whole of the works

Y(UK)2: The Housing Grants, Construction and Regeneration Act 1996

If Y(UK)2 is used and the final date for payment is not fourteen days after the date on which payment becomes due

The period for payment is days after the date on which payment become due

Y(UK)3: The Contracts (Rights of Third Parties) Act 1999

If Option Y(UK)3 is used

term

beneficiary

<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>

Z: Additional conditions of contract

If Option Z is used

The *additional conditions of contract* are

Consultation copy