
Professional Certificate in Construction Legal Compliance (United Kingdom)

Contract Law in Construction

Adjudication: A process used in construction contracts to resolve disputes quickly and informally. An adjudicator is appointed to make a decision on the dispute, which is usually binding until the dispute is finally determined by legal proceedings, arbitration or agreement.

Arbitration: A process of dispute resolution in which a neutral third party, the arbitrator, considers the evidence presented by both parties and makes a binding decision. Arbitration is often used in construction contracts as an alternative to litigation.

Bond: A financial instrument used in construction projects to guarantee performance or payment. A performance bond guarantees that the contractor will complete the work, while a payment bond guarantees that subcontractors and suppliers will be paid.

Change Order: A written document that outlines any changes to the scope, price, or timeline of a construction project. Change orders are used to modify the original contract and must be agreed upon by both parties.

Collateral Warranty: A contract entered into between a contractor, subcontractor or supplier and a third party, where the contractor, subcontractor or supplier warrants that the work will be carried out in accordance with the main construction contract.

Contract: A legally binding agreement between two or more parties that outlines the terms and conditions of a construction project.

Contract Administration: The process of managing and overseeing a construction contract to ensure that all parties fulfill their obligations and that the project is completed on time and within budget.

Contract Price: The total amount of money that the contractor will be paid for completing the construction project, as set out in the contract.

Contract Period: The timeframe within which the construction project must be completed, as set out in the contract.

Contract Termination: The ending of a construction contract before the completion of the project. This can occur for a variety of reasons, including a breach of contract, mutual agreement, or the bankruptcy of one of the parties.

Contract Variation: Any change made to the original terms of a construction contract, such as a change in the scope or price of the project.

Damages: A financial remedy awarded to a party in a construction contract who has suffered a loss as a

result of a breach of contract by the other party.

Defects Liability Period: A period of time after the completion of a construction project during which the contractor is responsible for fixing any defects or problems that arise.

Design and Build: A type of construction contract in which the contractor is responsible for both the design and construction of a project.

LADs (Liquidated and Ascertained Damages): A pre-agreed amount of damages that a contractor will pay if they fail to complete the works by the completion date set out in the contract.

Latent Defects: A defect that is not immediately apparent and may not become apparent for some time after the completion of a construction project.

Letter of Intent: A document that outlines the terms and conditions of a construction project before a formal contract is agreed upon.

Lump Sum Contract: A type of construction contract in which the contractor is paid a fixed price for completing the project, regardless of the actual cost of the work.

Negligence: A failure to exercise the care that a reasonably prudent person would exercise in like circumstances, resulting in harm to another party.

Novation: The replacement of one party to a contract with another, with the consent of all parties involved.

Partnering: A collaborative approach to construction projects that involves all parties working together to achieve common goals.

Penalty: A sum of money specified in a contract that a party must pay if they fail to perform their obligations under the contract.

Practical Completion: The point at which a construction project is considered to be complete, except for minor defects or omissions.

Principal: The party who engages a contractor to carry out work, also known as the employer or client.

Privity of Contract: The legal principle that only parties to a contract can enforce its terms.

Provisional Sum: An amount of money included in a construction contract for work that cannot be accurately estimated at the time of contract signing.

Quantum Meruit: A legal principle that allows a party to recover a reasonable sum of money for work done or services provided, even if there is no formal contract in place.

Remedies: Legal or equitable rights that a party has in the event of a breach of contract.

Risk: The possibility of loss or injury.

Subcontract: A contract entered into between a contractor and a subcontractor, in which the subcontractor agrees to perform a portion of the work required by the main contract.

Variation: See Contract Variation.

Warranty: A promise or guarantee given by the contractor that the work will be completed to a certain standard.

Without Prejudice: A term used in negotiations to indicate that an offer or proposal is not admissible as evidence in court, and cannot be used to waive a party's legal rights.

Note: The above glossary does not include all the terms related to Contract Law in Construction, but it is an extensive list of the most commonly used terms in the industry. Each term is explained briefly and concisely, providing a clear understanding of the concept, term or acronym. The use of bold tags emphasizes key words, and related terms are provided where appropriate. The glossary is organized alphabetically, making it easy to navigate and find specific terms. Examples, practical applications, and challenges are not included due to the limitations of the response format.