
NEC4 Engineering and Construction Contract – Option C

Contract

[DN – THIS IS A PRECEDENT FORM. EACH CONTRACT MUST BE PREPARED CAREFULLY AND ON A PROJECT SPECIFIC BASIS TO ENSURE THAT THIS DOCUMENT IS TAILORED SO AS TO BE SUITABLE FOR USE ON THE SPECIFIC PROJECT.]

OFFICIAL SENSITIVE

BLAKE 
MORGAN

Blake Morgan LLP
One Central Square
Cardiff CF10 1FS
www.blakemorgan.co.uk
Ref: 00759733/000057

Form of Agreement

THIS AGREEMENT IS MADE AS A DEED theday of.....20

BETWEEN

- 1 [Transport for Wales, incorporated and registered in England and Wales with company number 09476013 whose registered office is at 3, Llys Cadwyn, Pontypridd, CF37 4TH ("the *Client*", which expression shall include its successors in the exercise of its statutory functions, successors in title and permitted assignees)] or [Transport for Wales Rail Ltd, incorporated and registered in England and Wales with company number 12619906 whose registered office is at 3, Llys Cadwyn, Pontypridd, CF37 4TH ("the *Client*", which expression shall include its successors in the exercise of its statutory functions, successors in title and permitted assignees)]; **AND**
- 2 [] a company incorporated in and in accordance with the laws of [] with registered number [] whose registered office is at [] ("*the Contractor*").

RECITALS

- A In response to the *Client's* invitation to tender, the *Contractor* has submitted a tender to provide [DN – Insert details] in accordance with the Scope.
- B The *Client* has examined the *Contractor's* tender and now wishes to appoint the *Contractor* on the terms of this Agreement.

OPERATIVE PROVISIONS:

1 Definitions and interpretation

- 1.1 In this Agreement (including the Recitals):
- 1.1.1 any term used within initial capital letters has the meaning given to it in the *conditions of contract*; and
- 1.1.2 any italicised term has the meaning given to it in the Contract Data.

2 Contract documents

- 2.1 The following documents form the contract between the Parties:
- 2.1.1 this Agreement;
- 2.1.2 the *conditions of contract* in the form of the NEC4 Engineering and Construction Contract June 2017 (incorporating October 2020 amends), incorporating **Option C**, dispute resolution Option **W2** and secondary options [X1], [X2], [X5], [X7], [X8], [X9], X11, [X13], [X14], X15, X18, [X20], [X22], [Y(UK)1], Y(UK)2 and Y(UK)3 all as amended or supplemented by **Option Z** (*additional conditions of contract*); [DN – Please review X options against Contract Data.]

- 2.1.3 the Contract Data at Appendix 1 and any documents referenced therein;
- 2.1.4 the *additional conditions of contract* contained within Appendix 2;
- 2.1.5 the Scope at Appendix 3;
- 2.1.6 the Contractor Warranty at Appendix 4;
- 2.1.7 the Contractor Subcontractor Warranty at Appendix 5;
- 2.1.8 the Performance Bond at Appendix 6;
- 2.1.9 the Parent Company Guarantee at Appendix 7;
- 2.1.10 the Trust Deed for Project Bank Account at Appendix 8;
- 2.1.11 the Joining Deed for Project Bank Account at Appendix 9;
- 2.1.12 the Advanced Payment Bond at Appendix 10;
- 2.1.13 the Pro-forma Subcontractor Approval Form at Appendix 11;
- 2.1.14 the Vesting Agreement at Appendix 12;
- 2.1.15 the Contractor Consultant Warranty at Appendix 13; and
- 2.1.16 the Novation Agreement at Appendix 14.

3 Agreement

- 3.1 The *Contractor* will Provide the Works and will carry out its other duties in relation to the contract in accordance with the *conditions of contract* and other contract documents specified in clause 2.
- 3.2 The *Client* will pay to the *Contractor* the amounts due under and in accordance with the provisions of the contract.
- 3.3 The contract is the complete and entire agreement between the *Client* and the *Contractor* in relation to the *works* and supersedes any previous agreement between the Parties in relation to the *works*. Insofar as the *Contractor* has carried out any part of the *works* before the date of this Agreement, the obligations and liabilities of the *Contractor* under the contract shall take effect in all respects as if this Agreement had been dated prior to the carrying out of that part of the *works* by the *Contractor*.

4 Priority of documents

- 4.1 The several documents forming part of the contract are to be taken as mutually explanatory of one another
- 4.2 If there is any ambiguity or inconsistency in or between the documents comprising the contract, the priority of the documents is in accordance with the following sequence:

- 4.2.1 this Agreement
- 4.2.2 the completed Contract Data Part One (including the *additional conditions of contract*)
- 4.2.3 the *additional conditions of contract*
- 4.2.4 the Scope
- 4.2.5 the completed Contract Data Part Two
- 4.2.6 any other document forming part of the contract

IN WITNESS WHEREOF the Parties have executed this contract as a **DEED** the day and year first before written

Signed as a Deed by **TRANSPORT FOR WALES /
TRANSPORT FOR WALES RAIL LTD** acting by two directors:

} _____
Director

Director

Signed as a Deed by **[INSERT NAME OF CONTRACTOR]**
acting by a director and its secretary or by two directors:

} _____
Director

Director / Secretary

Appendices

1. **Contract Data**
2. ***additional conditions of contract***
3. **Scope**
4. **Contractor Warranty**
5. **Contractor Subcontractor Warranty**
6. **Performance Bond**
7. **Parent Company Guarantee**
8. **Trust Deed for Project Bank Account**
9. **Joining Deed for Project Bank Account**
10. **Advance Payment Bond**
11. **Subcontractor Approval Pro Forma**
12. **Vesting Agreement**
13. **Contractor Consultant Warranty**
14. **Novation Agreement**

Appendix 1- CONTRACT DATA

Part one - Data provided by the *Client*

1. General

The *conditions of contract* are the core clauses and the clauses for the following main Option, the Option for resolving and avoiding disputes and secondary Options of the NEC4 Engineering and Construction Contract June 2017:

Main Option: **Option C**

Option for resolving and avoiding disputes: **Option W2**

Secondary Options: [X1], [X2], [X4], [X5], [X7], [X8], X9, X11, [X13], [X14] X18, [X20], [X22,] [Y(UK)1], Y(UK)2, [Y(UK)3] and Z [DN – Review Options on a project by project basis]

The *works* are [].

The *Client* is

Name: **Transport for Wales / Transport for Wales Rail Ltd**

Address for communications: **3, Llys Cadwyn, Pontypridd, CF37 4TH**

Address for electronic communications: []

The *Project Manager* is

Name: []

Address for communications: []

Address for electronic communications: []

The *Supervisor* is

Name: []

Address for communications: []

Address for electronic communications: []

The *Scope* is in []

The *Site Information* is the information contained in

[]

The *boundaries of the site* are []

The *language of the contract* is **English**

The *law of the contract* is **the law of England and Wales as it is applied in Wales.**

The *period for reply* is [**two weeks**] 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 [**x**]

Early warning meetings are to be held at intervals no longer than [**4 weeks**]

[A Parent Company Guarantee **is/ is not** required.]

An Advance Payment Bond **is/is not** required.

A Vesting Agreement **is/ is not** required.]

[**DN – to be drafted on a project by project basis**]

2. The Contractor's main responsibilities

The *key dates and conditions* to be met are

<i>Condition</i> to be met	<i>key date</i>
• []	
• []	
• []	

The *Contractor* prepares forecasts of the total Defined Cost for the whole of the *works* at intervals no longer than [**4 weeks**]

3. Time

The *starting date* is []

The *access dates* are

part of the Site	date
[]	[]
[]	[]
[]	[]

The *Contractor* submits revised programmes at intervals no longer than **[one calendar month / 4 weeks]**

The *completion date* for the whole of the *works* is [] weeks after the *starting date*

The *Client* is **[not]** willing to take over the *works* before the Completion Date

The *Contractor* is to submit a first programme for acceptance not later than

- [4 weeks] before the *starting date* or
- the Contract Date

whichever is the earlier.

4. Quality management

The *Contractor* is to submit a quality policy statement and quality plan not later than _____

- [4 weeks] before the *starting date* or
- the Contract Date

whichever is the earlier.

- The *defects date* is [] weeks after *completion*
- The *defect correction period* is **2 weeks** except that
- The *defect correction period* for an urgent defect as set out in the Scope is 24 hours.
- The *defect correction period* for [] is []

5. Payment

- The *currency of the contract* is the **Pound Sterling (£)**
- The *assessment interval* is **one calendar month / 4 weeks**
- The *interest rate* is **2%** per annum above the **base rate in force from time to time of the Bank of England.**
- The *Contractor's share percentages* and the *share ranges* are

share range

Contractor's share percentage

[Less than 80%	[0%]
----------------	------

From 80% to 120% [50%]

Greater than 120% [100%]

[DN - to be reviewed on a project by project basis]

The *exchange rates* are those published in the Financial Times on the first working day of the month within which the relevant transaction occurs.

6. Compensation events

These are additional compensation events:

[DN: project specific]

8. Liabilities and insurance

Contractor Insurances

Construction All Risks

The minimum amount of cover for insurance against all risks of loss of or damage to (not excluded by the terms and conditions of the policy) the works and Plant and Materials, temporary works (i.e. works erected or constructed for the purpose of making possible the erection or installation of the works), equipment, temporary buildings and property owned by or supplied by the Client.

Loss of or damage to Equipment

The minimum amount of cover for insurance against loss of or damage to constructional plant, tools, equipment, temporary buildings (including contents therein) belonging to or the responsibility of the *Contractor* is the replacement cost

Public Liability Insurance

The minimum amount of cover for insurance against sums for which the insured shall become legally liable to pay as damages in respect of death of or injury or illness or disease to third parties and / or loss of or damage to third party property, obstruction, loss of amenities, trespass, nuisance or any like cause happening during the period of insurance and arising out of or in connection with this contract is not Less than £10m per occurrence.

Employer's Liability Insurance

The minimum amount of cover for insurance against death of or bodily injury to employees of the *Contractor* arising out of and in the course of

their employment in connection with the contract for any one event is not Less than £10m per occurrence.

Professional Indemnity Insurance

The minimum amount of cover for insurance for failing to use the Standard of Care for the design of the works or other professional services for which the *Contractor* or its Subcontractors is responsible is not Less than £10m in respect of each claim

If there are additional *Client's* liabilities

These are additional *Client's* liabilities

1.....

2.....

OR

There are no additional *Client's* liabilities

[DN: depends on the risk profile.]

If the *Client* is to provide Plant and Materials

The insurance against loss of or damage to the works, Plant and Materials is to include cover for Plant and Materials provided by the *Client* for an amount of

If the *Client* is to provide any of the insurances stated in the Insurance Table

The *Client* provides these additional insurances

[(1) Insurance to cover top-up Public Liability Insurance for not less than GBP £155,000,000 per occurrence. (*Contractor* to pay for any deductibles on this *Client* policy)]

The *Client* provides these additional insurances

(1) Insurance for

Minimum amount of cover is []

The deductibles are []

If additional insurances are to be provided

The *Contractor* provides these additional insurances

(1) Insurance against []

Minimum amount of cover is []

The deductibles are []

[DN – review on a project by project basis – adjacent property insurance and/or existing building insurance may be appropriate]

Standard of Care

The minimum amount of insurance cover for claims made against the *Contractor* arising out of its failure to use the Standard of Care is, in respect of each claim the Final Total of the Prices

The period following Completion of the whole of the *works* or earlier termination for which the *Contractor* maintains insurance for claims made against it arising out of its failure to use the Standard of Care is **12 years**

Resolving and avoiding disputes

The *tribunal* is **litigation in the Courts of England and Wales**

The *Senior Representatives* of the *Client* are

Name (1) []

Address for communications []

Address for electronic communications []

Name (2) []

Address for communications []

Address for electronic communications []

The *Adjudicator* is to be nominated by the *Adjudicator nominating body*

The *Adjudicator nominating body* is TECBAR

X1: Price adjustment for inflation

If Option X1 is used The proportions used to calculate the Price Adjustment Factor are

0.linked to the index for

0.....linked to the index for

0.....linked to the index for

0.....linked to the index for

0.....non- adjustable.....

The *base date* for indices is

The indices are

X5: Sectional Completion

The *completion date* for each *section* of the *works* is

<i>section</i>	<i>description</i>	<i>completion date</i>
[]	[]	[]
[]	[]	[]
[]	[]	[]

X7: Delay damages

(If Option X7 is used without Option X5)

Delay damage for Completion of the whole of the *works* are

£[] per day

(If Option X7 is used with Option X5)

- Delay damages for each *section* of the *works* are

<i>section</i>	<i>description</i>	<i>amount per day</i>
[]	[]	£[]
[]	[]	£[]
[]	[]	£[]

X8: Undertakings to the *Client* or *Others*

If Option X8 is used

The *undertakings* to *Others* are provided to

.....

The *Subcontractor undertaking* to *Others* are

worksprovided to

worksprovided to

The *Subcontractor undertaking* to the *Client* are

works.....

works.....

[X13: Performance bond]

The amount of the performance bond is £[]

If Option x13 is used

X14: Advanced payment to the Contractor

The amount of the advanced payment is []

The period after Contract Date from which the Contractor repays the instalments in assessments is []

If Option X14 is used

The instalments are [] (either an amount or a percentage of the payment otherwise due)

Advanced payment bond

An advanced payment bond **is/ is not required (Delete as applicable)**

X18: Limitation of liability

The *Contractor's* liability to the *Client* for indirect or consequential loss is limited to:

For any one event, the *Contractor's* liability to the *Client* for loss of or damage to the *Client's* property is limited to the Final Total of the Prices

The *Contractor's* liability for Defects due to its design which are not listed on the Defect Certificate is limited to the Final Total of the Prices

The *Contractor's* total liability to the *Client* for all matters arising under or in connection with the contract, other than the excluded matters, is limited to the Final Total of the Prices

The *end of liability date* is **12** years after the Completion of the whole of the *works*.

X20: Key Performance Indicators

The *incentive schedule* for Key Performance Indicators is in.....

A report of performance against each Key Performance Indicator is provided at intervals ofmonths.

X22:

Early Contractor Involvement (only used with Options C and E)

If Option X22 is used

The Budget is

Item	description	amount
(1)	
(2)	
(3)	
(4)	

Total

The *Contractor* prepares forecasts of the total Defined Cost of the work to be done in Stage One in intervals no longer than.....

The *Contractor* prepares forecasts of the total Project Cost at intervals no longer than

If there are additional events which could change the Budget

These are additional events which could change the Budget

(1)

(2)

(3)

The *budget incentive* is% of the saving.

[Y(UK)1: Project Bank Account

The *Contractor* **[is/is not]** to pay any charges made and to be paid any interest paid by the *project bank* (delete as applicable)]

term

beneficiary

[]

[]¹

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

If Option Y(UK) 2 is used and the final date for payment is not fourteen days after the date on which payment becomes due – check position with TFW payment terms

The period for payment is 14 days after the date on which payment becomes due.

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

If Y(UK)3 is used with Y(UK)1 the following entry is added to the table for Y(UK)3

term	<i>beneficiary</i>
.....	
The provisions of Option Y(UK)1	Named Suppliers

Part Two - Data provided by the *Contractor*

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

**Statements given in
all contracts**

- the *Contractor* is
 - Name:
 - Address:
.....
- The *fee percentage* is %
- The *working areas* are the site and any site offices/compounds established for the *works*. The *working areas* do not include the *Contractor's* head or satellite offices.
- the key people are
 - Name:
.....
 - Job:
.....
 - Responsibilities:
.....
 - Qualifications:
.....
 - Experience:
.....
 - Name:
.....
 - Job:
.....
 - Responsibilities:
.....
 - Qualifications:
.....

- Experience:

Optional Statements

- The *key persons* are set out in the Works Delivery Plan
- The following matters will be included in the Early Warning Register
.....
.....
- The *project bank* is
- The *named suppliers* are
.....

**Data for Schedule of
Cost Components**

- The components of the cost of:

PEOPLE

People who are directly employed by the *Contractor* and whose normal place of working is within the Working Areas and

People who are directly employed by the *Contractor* and whose normal place of working is not within the Working Areas but who are working in the Working Areas
- People whose rates are detailed in the Cost to Employ sheet based on [].
- The listed items of Equipment purchased for work on this contract, with an on cost charge are:

Equipment	Time-related charge	Per time period
		per
		per
		per

- The rates for special Equipment are

Equipment	Size or Capacity	Rate
-----------	------------------	------

- The hourly rates for Defined Cost of manufacture and fabrication outside the Working Areas are:

Category of Employee	Hourly Rate
----------------------	-------------

Data for Both Schedules of Cost Components

- The percentage for manufacture and fabrication overheads is%
- The hourly rates for Defined Cost of design outside the Working Areas are

Category of Employee	Hourly Rate
----------------------	-------------

Data for the Shorter Schedule of Cost Components

- The percentage for design overheads is%
- The published list of Equipment is the last edition of the list published by .
.....
- The percentage for adjustment for Equipment in the published list is% (state plus or minus)

The rates for other Equipment are

Equipment	Size or Capacity	Rate
-----------	------------------	------

[Information for Package Orders]

- The *fee percentage* applicable to all and any subsequent Package Orders is%

Appendix 2- additional conditions of contract

Z: Additional conditions of contract The *additional conditions of contract* are noted below either as "Amendments to Core Clauses" or as "Supplementary Conditions of Contract"

Amendments to Core Clauses

Z.1 Identified and defined terms

Z.1.1 Delete clause 11.2(2) and replace as follows:

"11.2(2) Completion is when

- the *Contractor* has done all the work in accordance with this contract which the Scope states it is to do by the Completion Date. If the work which the *Contractor* is to do by the Completion Date is not stated in the Scope, Completion is when the *Contractor* has done all the work necessary for the *Client* to use the *works* and for Others to do their work
- the *Contractor* has corrected all Defects which have been notified prior to Completion, except for those Defects which the *Project Manager* has agreed may be corrected after Completion
- all the conditions of any Consents relating to the *works* have been complied with and satisfied (save in respect of any matters which will not prevent occupation and use of the *works*) which the *Project Manager* has agreed may be satisfied after Completion
- the *Contractor* has provided to the *Project Manager* copies of all statutory approvals, operating and maintenance manuals, relevant photographic and video surveys, condition schedules, relevant manufacturers' literature and guarantees and warranties for products and materials used in the *works*
- the *Contractor* has provided the *Client* with all collateral warranties which it is obliged to provide and/or procure in accordance with this contract"

Z.1.2 Replace **clause 11.2(4)** with the following

"11.2(4) The Contract Date is the date of the Form of Agreement executed by the Parties or (if earlier) the date when the *Contractor* first begins to Provide the Works."

Z.1.3 Add the following words to **clause 11.2(5)**, after the words "this contract or any other contract with the *Client*":

"or committing or engaging in extortion, fraud, deception, collusion, cartels, abuse of power, embezzlement, trading in influence, money-laundering or any similar activity whether in connection with the *works* or otherwise."

Z.1.4

Delete **clause 11.2(6)** and replace as follows:

"11.2(6)

A Defect is

a part of the *works* (which term, as used in this contract, includes any design of the *works* by the *Contractor* or for which the *Contractor* is required to assume responsibility under this contract) which is not in accordance with the Scope or

a part of the *works* designed by the *Contractor* which is not in accordance with the Applicable Law or the *Contractor's* design which the *Project Manager* has accepted."

Z.1.5

In **clause 11.2 (10)**, add the following before the full stop at the end of the clause

", excluding the Defined Cost of

- correcting Defects (where the cost is not a Disallowed Cost) and
- design and work undertaken in order to correct a failure of the design to meet the functional and performance requirements specified in the Scope"

Z1.6

NOT USED

Z.1.7

Delete **clause 11.2(26)** and replace as follows

"11.2(26) Disallowed Cost is cost which the *Project Manager* decides

- is not justified by the *Contractor's* accounts and records,
- the *Contractor* is unable to demonstrate has been reasonably and properly incurred by the Contractor for the purposes of this contract
- should not have been paid to a Subcontractor or supplier in accordance with its contract,
- was incurred only because the *Contractor* did not
 - follow an acceptance or procurement procedure stated in the Scope
 - comply with a mandatory procedure or notification process as set out in the Scope
 - comply with a procedure set out in its quality plan,

- give an early warning which this contract required it to give,
- give notification to the *Project Manager* of the preparation for and conduct of an adjudication or proceedings of a tribunal between the *Contractor* and a Subcontractor or supplier, or
- protect materials in accordance with clause 70.1 or clause 73.3

and the cost of

- correcting Defects after Completion
- correcting Defects caused by the *Contractor* not exercising the Standard of Care in the design of the *works*
- correcting Defects caused by the *Contractor* not complying with the relative standards or a constraint on how it is to Provide the Works stated in the Scope
- correcting Defects which the *Contractor* has previously corrected
- Profit payable to the *Contractor's* subsidiary, affiliate or parent company or a company with the same parent company where such parent or other company is a Subcontractor, and profit payable between each party comprising the *Contractor* unless it is demonstrated that the *Contractor* affiliate provides better value for Money than the open market.
- Costs incurred as a result of any negligence or breach of contract, due to an act, omission or default by the *Contractor* or its employees, subcontractors or agents in Providing the Works;
- Costs incurred by the *Contractor* specific to overtime by people working from home where the overtime working has not been approved by and demonstrated to the *Project Manager*;
- Resources not used to Provide the Works (after allowing for reasonable availability and utilisation) or not taken away from the Working Areas when the *Project Manager* requested and
- Preparation for and conduct of an adjudication or proceedings of the *tribunal*."

Z.1.8

Delete **clause 11.2(31)** and replace with

"11.2(31) The Price for Work Done to Date is the total Defined Cost attributable to *works* carried out in accordance with the contract up to the assessment date, which the *Contractor* has paid at the time of the assessment date or is committed to pay before the next assessment date (under contracts the

Contractor has entered into to Provide the Works), plus the Fee applicable to that total Defined Cost."

Z.1.9

Add new sub-clauses to clause 11.2 as follows

- "11.2(34) Applicable Law is any statute, statutory instrument, regulation, directive, rule, judgement, order, decision, recommendation or statutory guidance made under any statute or directive having the force of law which affects the *works* or the performance of any obligation under this contract and any regulation or bye-law of any local authority or statutory undertaker which has any jurisdiction with regard to the *works* or the project to which the *works* relates, including without limitation any statutory provisions and any decision, notice, direction, instruction, permission or award of a Competent Authority."
- "11.2(35) Competent Authority is any legal person, regulator, statutory authority (including the *statutory authorities*) or statutory undertaker, and/or any court of law or tribunal in each case having authority under Applicable Law."
- "11.2(36) Consents are any and all consents, licences, authorisations, permits, permissions, registrations, filings, exemptions, approvals and the like required from Competent Authorities or Others in order for the *Contractor* to Provide the Works in accordance with this contract and a "Consent" is any one of them."
- "11.2(37) Prevention Event means one of the exceptional events or circumstances listed below provided always that such event or circumstance ((a) is beyond the affected Party's control; (b) could not reasonably have been provided against, avoided or overcome by the affected Party; and (c) is not substantially attributable to the affected Party:
- war, invasion, act of foreign enemies
 - rebellion, terrorism, revolution, insurrection, military or usurped power or civil war
 - radiation or radioactivity
 - natural catastrophe such as earthquake, hurricane, typhoon or volcanic activity or
 - strikes, riots and civil commotion not confined to the employees, servants or agents of the *Contractor* and/or any Subcontractor

- the pandemic known as coronavirus (Covid-19) (and other variants of the same pandemic)."

"11.2(38)

A Prohibited Act is

- a) directly or indirectly offering, promising or giving any person working for or engaged by the *Client* a financial or other advantage to
 - induce that person to perform improperly a relevant function or activity or
 - reward that person for improper performance of a relevant function or activity
- b) directly or indirectly requesting, agreeing to receive or accepting any financial or other advantage as an inducement or a reward for improper performance of a relevant function or activity in connection with this contract
- c) committing any offence:
 - under the Bribery Act 2010
 - under legislation or common law concerning fraudulent acts
- d) defrauding, attempting to defraud or conspiring to defraud the *Client* or
- e) any activity, practice or conduct which would constitute one of the offences listed under (a) to (d) above if such activity, practice or conduct had been carried out in the UK."

"11.2(39)

The Standard of Care is the degree of skill and care, diligence, prudence and foresight which would reasonably and ordinarily be expected of a skilled and experienced consultant engaged in the design and/or specification of works of a similar nature, scope, value and complexity to the *works* and under the same or similar circumstances, where such consultant is seeking to comply with its contractual obligations and all Applicable Law. And for the avoidance of doubt this does not imply a fitness for purpose obligation."

"11.2(40)

Deleterious means any products or materials which are generally known within the construction industry to be deleterious at the time of specification or approval in the

particular circumstances in which they are to be used, or those identified as potentially hazardous in or not in conformity with:

- (a) Section 2 of the British Council for Offices / British Property Federation report entitled "Good Practice in the Selection of Construction Materials" (current at the time of specification, authorisation or use);
 - (b) relevant International Standards, British Standards or European Standards or Codes of Practice;
 - (c) any publications of the Building Research Establishment related to the specification of products or materials; or
 - (d) the Standards (if the Standards are applicable to the Works), all Applicable Law, statutory requirements, the Sustainable Development Plan and the instructions of the *Client*."
- "11.2(41) Subcontractor Approval Form is attached in template form in Appendix 11"
- "11.2(42) Free Issue Materials are Plant and Materials provided by the *Client* to the *Contractor* without any payment being required."

Z.2

Interpretation and the Law

Z.2.1

Delete **clause 12.1** and replace as follows:

- "12.1 In this contract, except where the context shows otherwise:
- words in the singular also mean in the plural and the other way round
 - words in the masculine also mean in the feminine and neuter and the other way round
 - references to a document include any revision made to it in accordance with this contract
 - references to a statute or statutory instrument or other subordinate legislation ('legislation') is to such legislation as amended and in force from time to time, including any legislation which re-enacts or consolidates it, with or without modification, and includes corresponding legislation in any other relevant part of the United Kingdom and any code of practice made or guidance issued under it and

- references to a standard include any current relevant standard that replaces it."

Z.3 Communications

Z.3.1 In **clause 13.7**, insert the word ", instruction" after "A notification"

Z.4 The *Project Manager* and the *Supervisor*

Z.4.1 Delete **clause 14.1** and replace as follows:

"14.1 The *Project Manager's* or the *Supervisor's*

- acceptance of a communication from the *Contractor*, or
- acceptance of the *Contractor's* design, or
- acceptance of the *works*

and/or the carrying out of any inspection or test does not change the *Contractor's* responsibility to Provide the Works its liability for Defects or its liability for its design"

Z.5 Early Warning

Z.5.1 Add the following additional bullet points to **clause 15.1**, after "delay Completion,"

- "change the Accepted Programme,
- adversely affect the *Client* by increasing the monies payable by the *Client* to Others
- change the forecast total Defined Cost for the whole of the *works*"

Add the following sentence after "*works* in use"

- "Items priced as a risk under the Contract and items included in Contract Data Part 1 by the *Client* and Contract Data Part 2 by the *Contractor* shall be included in the Early Warning Register"

Z.6 Contractor's proposals

Z6.1 Delete the second sentence in **clause 16.3** and replace with:

"A reason for not accepting is that:

- the proposed area is not necessary to Provide the Works or

- the proposed area is used for work not in this contract or
- adding to the Working Areas in the way proposed will interfere with the *Client's* activities or use of property or cause it to suffer or incur additional loss or costs or
- the *Client* is not entitled to allow the additional area to be used."

Z.7 Requirements for instructions

Z.7.1 Add at the end of the first sentence of **clause 17.1**:

"or between the documents which form part of this contract and Applicable Law".

Z.7.2 NOT USED

Z.8 Corrupt Acts

Z.8.1 Add the following sentence at the end of **clause 18.1**:

"The *Contractor* warrants that in entering into this contract it has not:

- communicated to any person other than the *Client*, or a person duly authorised by the *Client*, the amount or approximate amount of the tender or submission, or proposed tender or submission, leading to this contract except where the disclosure, in confidence, of the approximate amount of the tender or submission was necessary to obtain insurance premium quotations required for the preparation of the tender or submission or
- entered into any agreement or arrangement with any person, or requested of any person, that it or they shall refrain from tendering or competing, that it or they shall withdraw any tender or submission once offered or that it or they will vary the amount of any tender or submission to be submitted."

Z.9 Prevention

Z.9.1 Delete **clause 19.1** and replace with the following:

"19.1 If a Prevention Event occurs which

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

the *Project Manager* gives an instruction to the *Contractor* stating how the event is to be dealt with."

Z.10 Providing the Works

Z.10.1 Add the following words to the end of **clause 20.1**, before the full stop

", in a proper and workmanlike manner and in compliance with Consents and Applicable Law"

Z.10.2 Add a new **clause 20.2** as follows

"20.2 The *Contractor* shall not specify for use or use and the *Contractor* shall ensure that Subcontractors do not specify for use or use any goods, products, materials or substances which, at the time of specification

- are not approved or not recommended or
- are identified as being Deleterious in the particular circumstances in which they are specified for use or
- would not be specified or used by a contractor exercising the Standard of Care.

If the *Contractor* becomes aware that any such materials are being used or specified for use the *Contractor* will forthwith notify the *Client* in writing."

Z10.3 In clause 20.4 at the end of the first sentence add the following;

"in the form of forecast set out in the Scope."

Z.11 The Contractor's design

Z.11.1 Delete **clause 21.1** and replace as follows

"21.1 The *Contractor* designs the whole of the *works*. The *Contractor* accepts sole and exclusive responsibility for:

- the selection and standards of all materials, goods and workmanship forming part of the *works* and
- the design of the *works* including (without limitation)
 - all and any design and other work undertaken in relation to the *works* before the Contract Date whether such work was undertaken by or on behalf of the

Contractor or by or on behalf of the *Client*;
and

- all and any design and other work undertaken in relation to the *works* after the Contract Date by on behalf of the *Contractor*,

and all such design and other work shall be treated for all the purposes of this contract as undertaken by the *Contractor*.

The *Contractor's* obligation in connection with its design is to use the Standard of Care.

The *Contractor* accepts sole and exclusive responsibility for its design and for any mistake, inaccuracy, discrepancy or omission in or from its design.

The *Contractor* warrants that its design is not impossible or illegal."

Z.11.2

Delete **clause 21.2** and replace as follows

"21.2

The *Contractor* submits the particulars of its design to the *Project Manager* for acceptance at the times and in the manner and format stated in the Scope. A reason for not accepting the *Contractor's* design is that;

- it will not allow the *Contractor* to Provide the Works free from Defects
- it does not comply with the Scope
- it does not comply with any previous design submitted by the *Contractor* which the *Project Manager* has accepted
- it does not comply with Consents
- it does not comply with Applicable Law or
- it does not comply with any other provision of this contract.

The *Contractor* does not proceed with the relevant work until the *Project Manager* has accepted its design."

Z.12

Using the *Contractor's* design

- Z.12.1** In **clause 22.1**, add the words ", repair, maintenance, reinstatement" after the words "construction, use, alteration"
- Z.12.2** Add a new **clause 22.2** as follows:
- "22.2 The copyright in all documents prepared by or on behalf of the *Client* is and remains the property of the *Client*."
- Z.12.3** Add a new **clause 22.3** as follows:
- "22.3 The *Contractor* indemnifies the *Client* in respect of all costs, claims, damages, proceedings and expenses arising out of breach of copyright by any of the *Contractor*, its assignees or sub-contractors appointed in relation to the *works*."
- Z.13** **Working with the *Client* and Others**
- Z.13.1** **NOT USED**
- Z.14** **Subcontracting**
- Z.14.1** Delete **clause 26.2** and replace as follows:
- "26.2 The *Contractor* submits the name of each proposed Subcontractor to the *Project Manager* for acceptance in accordance with the Subcontractor Approval Form attached at Appendix 11. [A reason for not accepting the Subcontractor is that
- the appointment will not allow the *Contractor* to Provide the Works or
 - the *Client* is concerned (on reasonable grounds) about
 - the financial standing or expertise or experience or insurance cover of the proposed Subcontractor or
 - any breach of contract, negligence, late, incomplete or defective services or failure to rectify the same by the proposed Subcontractor in relation to any work previously performed (whether as a consultant or subcontractor) for the *Client* or
 - the *Client* requires a collateral warranty and the Subcontractor is unable to provide a collateral warranty to the *Client* in a form which is acceptable to the *Client*.]
- The *Contractor* does not appoint a proposed Subcontractor

until the *Project Manager* has

- accepted such Subcontractor and, to the extent that these *conditions of contract* require,
- accepted the subcontract documents.

this clause 26.2 does not apply if the Subcontractor was approved by the *Client* during the tender process that resulted in the selection of the *Contractor*."

Z.14.2 Delete the first bullet point in **clause 26.3**

Z.14.3 Add the following bullet points after the words "A reason for not accepting the subcontract documents is that" in **clause 26.3**

- "they do not represent best value or open market or competitively tendered prices or
- they are inconsistent with the requirements of this contract or the policies of the *Client* or the Welsh Government or
- they limit rights under any collateral warranty agreement to be provided by the Subcontractor to a greater extent than the rights under this contract in relation to the relevant subcontracted *works* or"

Z.15 **Other responsibilities**

Z.15.1 Insert a new **clause 27.5** as follows

"27.5 The *Contractor* obtains all Consents unless otherwise stated in the Scope."

Z.15.2 Insert a new **clause 27.6** as follows

27.6 The Contractor shall permit Others to access, use and occupy the Site or the works or part of them in order to carry out and complete their works. The Contractor shall coordinate the works by Others with the works so as to prevent or minimise any disruption or interference to Statutory Authorities' works caused by the carrying out of the works and vice versa."

Z.16 **Assignment**

Z.16.1 Delete **clause 28.1** and replace as follows:

"28.1 The *Client* may novate the contract or assign the benefit of the contract to any successor, replacement or alternative body exercising its functions (in whole or in part). The *Contractor* shall promptly execute any document necessary to give effect to any such novation or assignment. The *Contractor* may not

assign the benefit of the contract without the prior written consent of the *Client*."

Z.17 Disclosure

Z.17.1 Delete **clause 29.1** and replace as follows:

- "29.1 The Parties do not disclose information obtained in connection with this contract except
- where expressly permitted under this contract
 - with the written agreement of the other Party
 - as necessary to carry out their duties under the contract
 - to the extent necessary to comply with Applicable Law or the requirements of any Competent Authority or
 - to a Party's professional advisers or auditors."

Z.18 Starting, Completion and Key Dates

Z.18.1 Add the following words to the end of **clause 30.1**

"The *Contractor* proceeds regularly and diligently to Provide the Works in accordance with this contract and the Accepted Programme and uses all reasonable endeavours to prevent or reduce any delay in the progress of the *works*."

Z.19 Revising the programme

Z.19.1 Add the following sentence to the end of **clause 32.2**:

"Failure by the *Contractor* to provide any revised programme within 1 week of the due date entitles the *Client* to set off or withhold from any sums due to the *Contractor* a sum not exceeding five per cent (5%) of the Price for Work Done to Date, until the relevant programme is provided."

Z.20 Access to and use of the Site

Z.20.1 In **clause 33.1**, at the end of the second sentence, insert the words

"and is on a non-exclusive basis"

Z.21 Quality management system

Z.21.1 In **clause 40.3**, after the words "quality plan" add the words

"or quality policy statement"

Z.22

Tests and inspections

Z.22.1

Delete the words "applicable law" at the end of **clause 41.1** and replace with

"Applicable Law"

Z.22.2

Add a new **clause 41.8** as follows

"41.8

The *Contractor*, upon reasonable notice, allows such person(s) as the *Client*, acting reasonably, may notify, access to the *works* for the purposes of inspecting the same and affords such person(s) all reasonable assistance in the conduct of their inspections."

Z.23

Correcting Defects

Z.23.1

Delete **clause 44.2** and replace as follows:

"44.2

The *Contractor* corrects a notified Defect before the end of the *defect correction period*, in accordance with clause 44.2A. The *defect correction period* begins at Completion for Defects notified before Completion which the *Project Manager* has agreed may be corrected after Completion and when the Defect is notified for other Defects."

Z.23.2

Insert a new **clause 44.2A** as follows:

"44.2A

In correcting any Defect, the *Contractor*, the Subcontractors and their personnel:

- cause the minimum amount of interference and disruption as is reasonably possible to the carrying out of other works at the Site and the use and/or occupation of the Site;
- comply with any reasonable directions and security precautions for the Site;
- comply with any Site access protocols,
- shall be accompanied if the *Client* so requires;
- make good as soon as reasonably practicable and in any event within any period stipulated by the *Project Manager* to the reasonable satisfaction of the *Project Manager* any loss, damage or injury thereby caused to the Site or any part or parts

thereof or to the property of any occupiers and/or visitors at the Site; and

- at the end of each day ensure that the Site is left in a good and clean condition cleared of all unused materials, plant, goods and equipment."

Z.24 Liability for Defects

Z.24.1 Add a new **clause 47** as follows:

"47 Nothing in clauses 40 to 46 affects any other right or remedy under the contract or at law, including (without limitation) the *Client's* right to claim damages for a Defect.."

Z.25 Assessing the amount due

Z.25.1 Add the following words to the end of the first sentence in **clause 50.2**:

"The *Contractor's* application also includes

- the breakdown of costs aligned with the cost reporting structure as detailed in the Scope,
- details of any rebates and discounts that the *Contractor* has received or anticipates receiving and
- (where requested by the *Project Manager*) a copy of the contract of employment and record of experience for any people for whom payment is claimed pursuant to cost component 1 (People) of the Schedule of Cost Components"

Z.25.2 Delete the full stop at the end of the third bullet point and add a fourth bullet point to **clause 50.3** as follows

"less the *Project Manager's* interim assessment of the *Contractor's* share if such interim assessment falls within a *share range* of greater than 100%."

Z.25.3 Add a new **clause 50.10**

"50.10 In assessing the amount due, the *Project Manager* is entitled to retain up to 25% of the Price for Work Done to Date until the *Contractor*:

- provides any Subcontractor warranties required by the *Client* under this contract, duly executed
- submits to the *Project Manager* policies and certificates for the insurances required by this contract

- provides the *Client* with any parent or holding company guarantee required by this contract, duly executed
- provides the *Client* with any performance bond required by this contract, duly executed
- provides a cost forecast as described in the Scope."

Z.26 Payment

Z26.1 In the first sentence of **clause 51.1**, delete "one week" and insert "fourteen days".

Z26.2 In the first sentence of **clause 51.2** delete "three weeks" and insert "four weeks".

Z.26.3 In **clause 51.4**, delete the words
"and is compounded annually"

Z.27 Defined Cost

Z.27.1 Add the following additional bullet points to **clause 52.2**

- "details of any rebates and discounts that the *Contractor* has received or anticipates receiving and
- copies of the contracts of employment for all people for whom payment is claimed pursuant to cost component 1 (People) of the Schedule of Cost Components"

Z.28 Final assessment

Z.28.1 In **clause 53.1**, delete the words "thirteen weeks after the *Project Manager* issues a termination certificate" and replace with

- "(subject to clause 93.2 A3), thirteen weeks after the *Project Manager* issues a termination certificate"

Z.28.2 In **clause 53.3**, in the third bullet point within the paragraph commencing "If the contract includes Option W2, a Party", delete the words "within four weeks of the decision being made" and replace with

"within eight weeks of being informed of the *Adjudicator's* decision"

Z.28.3 In the second bullet point of **clause 53.4**, delete the words "within four weeks of that decision" and replace with

"within eight weeks of being informed of that decision"

Z.29

The Contractor's share

Z.29.1

Add new **clause 54.2A** as follows:

"54.2A The *Project Manager* makes interim assessments of the *Contractor's* share on each assessment date using the *Contractors* forecast of the final Price for Work Done to Date and the *Contractors* forecast of the final total of the Prices. The *Project Manager* informs the *Contractor* of his interim assessment of the *Contractor's* share and the basis on which such interim assessment has been calculated."

Z.30

Compensation events

Z.30.1

Add the following bullet points to **clause 60.1(1)** after the words "changing the Scope except":

- "• a change to the Scope arising as a result of site conditions
- a change to the Scope to resolve any error, ambiguity or discrepancy
- in or between any documents forming part of the Scope for which the Contractor is responsible or assumes responsibility under this contract or
- between any documents forming part of the Scope for which the *Contractor* is responsible or assumes responsibility under this contract and the Applicable Law"

Z.30.2

Delete **clause 60.1(10)** and replace as follows:

- "60.1(10) The *Supervisor* instructs the *Contractor* to search for a Defect and no Defect is found unless
- the search is needed only because the *Contractor* gave insufficient notice of doing work obstructing a required test or inspection."

Z.30.4

Delete **clause 60.1(12)**

Z.30.5

Delete **clause 60.1(13)**

Z.30.6

Delete **clause 60.1(19)** and replace as follows:

- "60.1(19) A Prevention Event occurs which
- stops the *Contractor* completing the whole of the *works* or

- stops the *Contractor* completing the whole of the *works* by the date for planned Completion shown on the Accepted Programme"

Z.30.7

In **clause 60.1(20)**, insert the following wording before the full stop:

"PROVIDED always that the quotation for the proposed instruction was not requested as a result of any change initiated or proposed by the *Contractor*, including (but not limited to) any change initiated or proposed by the *Contractor* in accordance with clause 36 (Acceleration) and/or clause 16 (*Contractor's* proposals)"

Z.30.8

Add new clause 60.1(22)

"The implementation of a compensation event under any other contract between the Client and the Contractor that has an effect on the Prices or the Accepted Programme on this Contract."

Z.31

Notifying compensation events

Z.31.1

Amend the final paragraph of **clause 61.3** to read as follows:

"If the *Contractor* does not notify a compensation event within eight weeks of becoming aware that the event has happened, the Prices, the Completion Date and Key Dates are not changed."

Z.31.2

Delete the first bullet point of the second paragraph of clause 61.4 and replace as follows:

- arises by reason of any act, omission, breach or default (including, but not limited to any insolvency, or any failure to proceed regularly and diligently in accordance with clause 30.1 or any failure to use reasonable endeavours to prevent or reduce any delay in accordance with clause 30.1) of the *Contractor*, any Subcontractor or supplier, or any other person for whom the *Contractor* is responsible"

Z.32

Assessing compensation events

Z.32.1

Insert a new **clause 63.1A** as follows:

"63.1 A Notwithstanding clauses 63.1, 63.2, 63.3, 63.4 and 63.6, unless otherwise expressly agreed by the *Client* the Prices are not adjusted for any compensation event referred to in clause 60.1(19). Unless otherwise expressly agreed by the *Client* the right of the *Contractor* to a change to the Completion Date and/or the Key Dates (assessed in accordance with clause

63.5) is the *Contractor's* only right in respect of a compensation event referred to in clause 60.1(19)."

Z32.2

In **clause 63.5** make the following changes:

At the end of the first sentence delete the "." and insert "; and"

At the beginning of the second sentence delete the "A" and add "a"

At the end of the second sentence delete the "." and underneath insert the following

"provided always that the delay shall only be assessed as giving rise to a change in Completion Date

or a Key Date if and to the extent:

- that the compensation event is the principal cause of the delay, and
- the *Contractor* demonstrates that the compensation event has caused or (in the case of future delay) will cause delay to the Completion Date or a Key Date.

The *Project Manager* may assess and fix an earlier Completion Date or Key Date if the effect of the compensation event is to reduce the time required for planned Completion or meeting a Key Date.

Any delay will only be treated as being due to a compensation event if the compensation event is the sole or principal cause of the delay and if the *Contractor* has taken all reasonable steps to avoid and / or mitigate delay and disruption."

Z.32.3

Delete the words "the Party which did not provide the Scope" in **clause 63.10** and replace with:

"the Party which did not provide and/or does not assume responsibility for the relevant part of the Scope under the *conditions of contract*".

Z.32.4

Add a new **clause 63.15** as follows:

"63.15 Where a compensation event or its effect is in part attributable to the *Contractor's* fault, the Prices, the Completion Date and/or Key Dates are not changed to the extent attributable to the *Contractor's* fault. In this contract a "fault" of the *Contractor* includes any failure on the part of the *Contractor* or its Subcontractors (or its or their employees, agents or suppliers) to take any reasonable action to prevent the compensation event or its adverse effects, or any negligence or breach of

this contract on the part of the *Contractor* or its Subcontractors (or its or their employees, agents or suppliers)"

Z.33

Proposed instructions

Z.33.1

Insert the following wording in **clause 65.2** after the words "The quotation is assessed as a compensation event":

"(provided always that the quotation for the proposed instruction was not requested as a result of any change initiated or proposed by the *Contractor*, including (but not limited to) any change initiated or proposed by the *Contractor* in accordance with clause 36 (Acceleration) and/or clause 16 (Contractor's proposals))"

Z.34

The *Client's* title to Plant and Materials

Z.34.1

Delete **clause 70** and replace with the following:

"70.1

The value of Plant and Materials outside the Working Areas is excluded from the Price for Work Done to Date unless

- the Plant and Materials is within the United Kingdom and is marked for the *Client*,
- the *Contractor* demonstrates to the satisfaction of the *Project Manager* that the *Contractor* has unencumbered title to the Plant and Materials,
- the Plant and Materials is stored separately and is clearly and visibly marked as for the *Client* and this contract,
- the Plant and Materials is adequately protected against water, theft, vandalism and other casualties and is marked for the *Client*,
- the Plant and Materials is insured against loss or damage while stored or in transit to the Working Areas for its full reinstatement value under a policy of insurance protecting the interests of the Parties in respect of the usual insured risks for the period until it is brought within the Working Areas and the *Contractor* has provided the *Project Manager* with a copy of the relevant insurance policy and
- the *Contractor* has provided an off site materials bond for the value of the Plant and Materials.

70.2

The off site materials bond is issued by a bank or insurer which the *Project Manager* has accepted. A reason for not accepting

the proposed bank or insurer is that its commercial position is not strong enough to carry the bond.

- 70.3 Where the value of Plant and Materials outside the Working Areas is included in the Price for Work Done to Date
- the *Contractor's* title in the Plant and Materials passes to the *Client*,
 - the *Contractor* does not remove the Plant and Materials from where it is stored except for use on the *works* and
 - the risk of loss or damage to the Plant and Materials remains with the *Contractor*.
- 70.4 The value of Plant and Materials within the Working Areas is excluded from the Price for Work Done to Date unless
- title in the Plant and Materials has already passed to the *Client* under clause 70.5 or
 - the *Contractor* demonstrates to the satisfaction of the *Project Manager* that the *Contractor* has unencumbered title in the Plant and Materials
- 70.5 The *Contractor's* title in Plant and Materials passes to the *Client* when it is brought within the Working Areas, but (subject to clause 80.1) the risk of loss or damage to the Plant and Materials remains with the *Contractor*.
- 70.6 The *Client's* title in Free Issue Materials remains with the *Client* upon the delivery of Free Issue Materials to the Working Areas but (subject to clause 80.1) the risk of loss or damage to the Free Issue Materials remains with the *Contractor*.
- 70.7 Where the *Contractor* is required to collect Free Issue Materials from a location outside the Working Areas the *Client's* title in Free Issue Materials passes to the *Contractor* upon collection and the *Contractor* shall be required to insure the same. When the Free Issue Materials are brought within the Working Areas the *Contractor's* title in the Free Issue Materials passes to the *Client*, but (subject to clause 80.1) the risk of loss or damage to the Free Issue Materials remains with the *Contractor*.
- 70.7 The *Contractor* does not remove Plant and Materials within the Working Areas from where it is stored except for use on the *works* or with the *Project Manager's* permission."

Z.35	Objects and materials within the Site
Z.35.1	<p>Insert a new clause 73.3 as follows</p> <p>"73.3 The <i>Contractor</i> ensures that all Equipment, Plant and Materials delivered to the Site are kept and stored in accordance with the manufacturer's instructions prior to their use, installation or incorporation."</p>
Z35.2	Vesting Agreement
	<p>Insert a new clause 73.4 as follows</p> <p>"73.4 At the Client's request the Contractor will enter into and will procure that a Subcontractor or supplier enters into a Vesting Agreement substantially in the form attached at Appendix 14 (subject to amendments by the parties acting reasonably.)"</p>
Z35.3	Advance Payment Bond
	<p>Insert a new clause 73.5 as follows</p> <p>"73.5 At the <i>Client's</i> request the <i>Contractor</i> will procure the provision of an Advance Payment Bond substantially in the form attached at Appendix 10 (subject to amendments by the parties acting reasonably)."</p>
Z.36	<i>Client's</i> liabilities
Z.36.1	<p>Delete the following bullet point from clause 80.1:</p> <p style="padding-left: 40px;">"A fault in the design contained in</p> <ul style="list-style-type: none"> - the Scope provided by the <i>Client</i> or - an instruction from the <i>Project Manager</i> changing the Scope." <p style="padding-left: 40px;">and replace as follows:</p> <p style="padding-left: 40px;">"A fault in the design of the <i>works</i> for which the Contractor is not responsible or does not assume responsibility under the <i>conditions of contract</i>."</p>
Z.37	<i>Contractor's</i> liabilities
Z.37.1	<p>Add the following new bullet point in clause 81.1:</p> <ul style="list-style-type: none"> • "fraud or fraudulent misrepresentation by the <i>Contractor</i>"
Z38	Insurance cover

Z38.1

Delete clause 83 and replace with

83.1 The *Contractor* and the *Client* shall provide the insurances stated in the Insurance Table at clause 83.2. The *Contractor* shall provide additional insurances as stated in the Contract Data.

Insert Clause 83.2

Insurance Against	Party responsible for ensuring insurance is in place	Minimum amount of cover or minimum amount of indemnity
Construction All Risks insurance All risks of loss of or damage to (not excluded by the terms and conditions of the policy) the works and Plant and Materials, temporary works (ie works erected or constructed for the purpose of making possible the erection or installation of the works), equipment, temporary buildings and property owned by or supplied by the <i>Client</i>	<i>Contractor</i> in the joint names of the Parties	The full reinstatement value of the works including the amount stated in the Contract Data for the replacement of any Plant and Materials provided by the <i>Client</i>
Loss of or damage to Equipment Loss of or damage to constructional plant, tools, equipment, temporary buildings (including contents therein) belonging to or the responsibility of the <i>Contractor</i>	<i>Contractor</i>	The replacement cost
Public Liability Insurance All sums for which the insured shall become legally liable to pay as	<i>Contractor</i> in the joint names of the Parties	The amount stated in the Contract Data <i>Client</i> to cover top-up PLI for not less than GBP £155,000,000 per

damages in respect of death of or injury or illness or disease to third parties and / or loss of or damage to third party property, obstruction, loss of amenities, trespass, nuisance or any like cause happening during the period of insurance and arising out of or in connection with this contract (unless excluded by the terms and conditions of the policy).		occurrence. (<i>Contractor</i> to pay for any deductibles on this <i>Client</i> policy)
Employer's liability insurance Liability for death of or bodily injury or illness sustained by employees of the <i>Contractor</i> arising out of or in the course of their employment in connection with this contract or the project	<i>Contractor</i>	The greater of the amount required by the Applicable Law and the amount stated in the Contract Data for any one event
Professional Indemnity Insurance Fault in respect of design of the works or other professional services for which the <i>Contractor</i> or its Subcontractors is responsible	<i>Contractor</i>	The amount stated in the Contract Data in respect of each claim, without limit to the number of claims in any one year or in the annual aggregate

Z.39

Termination

Z.39.1

In the Termination Table in **clause 90.2**, delete the words "R1-R15, R18 or R22" and replace with

- "R1-R15, R18, R22 or R23"

Z.39.2 In **clause 90.3**, delete the words "if the *Client* terminates for one of reasons R1 to R15, R18 or R22" and replace with

"if the *Client* terminates for one of reasons R1 to R15, R22 or R23"

Z.40 **Reasons for termination**

Z.40.1 Delete **clause 91.7** and replace as follows

"91.7 The *Client* may terminate if a Prevention Event occurs which

- stops the *Contractor* completing the whole of the *works* or
- stops the *Contractor* 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 (R21)"

Z.40.2 Add a new **clause 91.9** as follows

"91.9 The *Client* may terminate if (R23)

- the *Contractor* has been found to have engaged in the practice of "blacklisting" (as set out in The Employment Relations Act 1999 (Blacklists) Regulations 2010) and failed to disclose such practices during the tender period for the award of this contract or during this contract
- the *Contractor* is in breach of clause Z.57
- the *Contractor* is in breach of clause Z.58
- the *Contractor* is in breach of clause Z.60
- the *Contractor* is in breach of clause Z.62."

Z.41 **Procedures on termination**

Z.41.1 Add a new **clause 92.3** as follows

"92.3 Upon termination of this contract (howsoever terminated) the *Contractor*:

- promptly takes all necessary steps to stop performance of the *works* in an orderly manner and with reasonable speed and economy and

- delivers to the *Client* all documents belonging to the *Client* that shall for the time being be under the control of the *Contractor* or any Subcontractor and
- gives to the *Client* all hard copy and electronic documents and data (including documents or data prepared by any Subcontractor) prepared by or on behalf of the *Contractor* under this contract. The *Client* has the right to use such material for completion of the *works*."

Z.42 Payment on termination

Z.42.1 Delete the wording of **A3 in clause 93.2** and replace with:

"A3 A deduction of any loss or costs incurred by the *Client* as a result of such termination including the additional cost to the *Client* of completing the whole of the *works* and after termination the *Client* shall not be obliged to make any further payment until the full extent of loss or costs can be fully ascertained and in the event that such loss or cost exceeds the amount otherwise payable to the *Contractor* in accordance with this contract, without prejudice to any other right or remedy of the *Client*, the *Client* may recover such excess from the *Contractor* as a debt."

Z.42.2 Add the following words to the end of **clause 93.2**

"Other than any payment which may become due under clause 93, the *Client* shall not be liable to the *Contractor* for any costs, expenses, disbursements or losses (including any indirect or consequential losses, such as loss of profit) which may arise as a result of the termination of the contract. Save as aforesaid, any termination of the *Contractor's* engagement under this contract is without prejudice to the Parties' rights and remedies accrued up to the date of termination, which shall survive such termination"

Z.42.3 In **clause 93.4** add the following words after "If there is a termination,"

"subject to clause 93.7,"

Z.42.4 Add a **new clause 93.7**

"93.7 The *Contractor's* share is not added to the amount due to the *Contractor* on termination if there has been a saving if the reason for termination is R1 to R15, R22 or R23".

Z.43 Option W2

Z.43.1 Delete the second sentence of **clause W2.4(2)** and replace with:

	"The dispute may not be referred to the <i>tribunal</i> unless this notification is given within eight weeks of being informed of the <i>Adjudicator's</i> decision"
Z.44	Secondary Option X14
Z.44.1	<p>Delete the last two sentences of clause X14.2 and replace with:</p> <p>"The bond is for the amount of the advanced payment which the <i>Contractor</i> has not repaid and is in the form set out in Appendix 10 to this Contract."</p>
Z.45	Secondary Option X18
Z.45.1	<p>In clause X18.5 add the following new bullet points:</p> <ul style="list-style-type: none"> • "death or injury to third parties as a consequence of the <i>works</i> • liability resulting from fraud, fraudulent misrepresentation or deliberate damage • liability in respect of which sums have been recovered (or would have been recovered but for an act or omission by or on the part of the <i>Contractor</i>) under any insurance policies required to be taken out by the <i>Contractor</i> under this contract"
Z46	Secondary Option Y(UK)1
Z46.1	<p>In clause Y(UK)1.2 add the following to the end of the sentence;</p> <p>"If the <i>Contractor</i> fails to provide a Project Bank Account within three weeks of the Contract Date the <i>Client</i> shall be entitled to set off or withhold from any sums due to the <i>Contractor</i> a sum not exceeding twenty five per cent (25%) of the Price for the Work Done to Date."</p>
Z.47	Secondary Option Y(UK)2
Z.47.1	In clause Y2.2 in the first sentence delete "seven" and insert "fourteen"
Z47.2	<p>In clause Y2.2, after "if the <i>Project Manager</i> has issued a termination certificate" add</p> <p>"(subject to clause 93.2 A3)"</p>
Z.47.3	<p>In clause Y2.4, delete the words "reasons R1 to R15, R18 or R22" and replace with</p> <p>"reasons R1 to R15, R18, R22 or R23"</p>
Z.48	Schedule of Cost Components

Z.48.1

Delete the following from **People 1**

"13

(d) medical examinations

(o) safety training".

Z48.2

Add the following to People 1:

(p) the residual value at completion of plant purchased by the *Client* for the use by the *Contractor* which is retained by the *Contractor* after completion"

Supplementary Conditions of Contract

Z49 Contractor Warranty

Z49.1 The *Contractor* shall provide on the Contract Date and/or within fourteen (14) days of a request from the *Project Manager* deeds of collateral warranty in substantially the form set out at Appendix 4 of this contract as may reasonably be amended by the *Client* in favour of:

- (a) Welsh Government
- (b) Network Rail
- (c) persons providing finance in connection with (including any security agent or trustee), or purchasers and tenants of the whole or any part of, the *works*
- (d) any beneficiary indicated by the *Client*
- (e) developers having or acquiring an interest in whole or any part of the *works*, or
- (f) any other party referred to in the Contract Data

Z50 Subcontractor's Collateral Warranties

Z50.1 The *Contractor* shall procure on the date the subcontract is entered into (in the case of the *Client*) and within fourteen (14) days of request (in the case of all other parties) that the Subcontractors' names and/or identified by discipline and/or subcontractors who have liability for design shall execute and deliver to the *Project Manager*, deeds of warranty in substantially the form set out in Appendix 5 of this contract in favour of:

- (a) Welsh Government
- (b) Network Rail
- (c) the *Client*
- (d) persons providing finance in connection with (including any security agent or trustee), or purchasers and tenants of the whole of any part of the *works*
- (e) any beneficiary indicated by the *Client*
- (f) developers having or acquiring an interest in whole or any part of the *works*, or
- (g) any other party named in the Contract Data

If the *Contractor* is unable to procure and deliver to the *Client*, any requisite deed of warranty in the appropriate form on the date the subcontract is entered into or within fourteen (14) days of the *Client's* request (as required), the *Contractor* without prejudice to the *Client's* rights and remedies consults with the *Client* as to what steps can reasonably be taken to procure the outstanding warranty and safeguard the *Client's* interests.

The *Contractor* is also to provide to the *Client* a certified copy of the Subcontractor's subcontract at the same time as the executed warranty.

Z51

Consultant/Sub-Consultant Warranties

Z51.1

The *Contractor* shall procure within fourteen (14) days of execution of the Consultant Appointment/Sub-Consultant Appointment deeds of collateral warranty from the Consultant/Sub-Consultant in substantially the form set out in Appendix 13 to this contract as may reasonably be amended by the *Client* in favour of:

- (a) Network Rail
- (b) the *Client*
- (c) persons providing finance in connection with (including any security agent or trustee), or purchasers and tenants of the whole or any part of, the *works*
- (d) any beneficiary indicated by the *Client*
- (e) developers having or acquiring an interest in whole or any part of the *works*, or
- (f) any other party referred to in the Contract Data.

If the *Contractor* is unable to procure and deliver to the *Client*, any requisite deed of warranty in the appropriate form on the date the subcontract is entered into or within fourteen (14) days of the *Client's* request (as required), the *Contractor* without prejudice to the *Client's* rights and remedies consults with the *Client* as to what steps can reasonably be taken to procure the outstanding warranty and safeguard the *Client's* interests.

The *Contractor* is also to provide to the *Client* a certified copy of the Consultant's appointment at the same time as the executed warranty.

Z52

Manufacturer's Warranties

Z52.1

The *Contractor* shall ensure that materials and equipment suppliers agree to provide their warranties for no fewer than twenty four (24) months from the *defects date* and that the suppliers assign the warranties to either the *Client* or Network Rail at no cost to the *Client* or Network Rail.

Z52.2 The *Contractor* shall supply to the *Client* manufacturers' warranties in favour of the *Client* for all plant equipment machinery and apparatus comprised in the *works*, in each case on terms which are satisfactory to the *Client* (acting reasonably).

Z53 Failure to provide Warranties

If the *Contractor* fails to provide or procure the warranties validly requested by the *Client* under clause 49, 50, 51 and 52 within fourteen (14) days of a request by the *Client*, the *Client* shall be entitled to set off or withhold from any sums due to the *Contractor* a sum not exceeding twenty five per cent (25%) of the Price for the Work Done to Date, where such monies relate to any element of the *works* for which the provider of the warranty is responsible.

Z.54 Fair Payment

Z.54.1 The *Contractor* assesses the amount due to a Subcontractor without taking into account the amount certified by the *Project Manager*.

Z.54.2 The *Contractor* includes in the contract with each Subcontractor:

- a period for payment of the amount due to the Subcontractor not greater than 26 days after the due date in this contract. The amount due includes, but is not limited to, payment for work which the Subcontractor has completed from the previous assessment date up to the current assessment date in this contract,
- a provision requiring the Subcontractor to include in each subsubcontract the same requirement, except that the period for payment is to be not greater than 30 days after the due date in this contract and
- a provision requiring the Subcontractor to assess the amount due to a subsubcontractor without taking into account the amount paid by the *Contractor*.

Z.55 Confidentiality and Freedom of Information Act

Z.55.1 In this clause

Confidential Information means information, data and material of any nature which either Party may receive or obtain in connection with the operation of the contract

- which comprises Personal Data or Sensitive Personal Data (as both terms are defined in the General Data Protection Regulations) or
- the release of which is likely to prejudice the commercial interests of the *Client* or the *Contractor* respectively or

- which is a trade secret.

FOIA means the Freedom of Information Act 2000

EIR means the Environmental Information Regulations.

Z.55.2

In respect of any Confidential Information it may receive from the other Party (the "**Discloser**") and subject always to the terms of this clause Z.55, each Party (the "**Recipient**") undertakes to keep secret and strictly confidential and shall not disclose any such Confidential Information to any third party without the Discloser's prior written consent provided that

- the Recipient shall not be prevented from using any general knowledge, experience or skills which were in its possession prior to the commencement of the contract
- the provisions of this clause Z.55 shall not apply to any Confidential Information which
 - (a) is in or enters the public domain other than by breach of the contract or other act omissions of the Recipient or
 - (b) is obtained by a third party who is lawfully authorised to disclose it or
 - (c) is authorised for release by the prior written consent of the Discloser or
 - (d) the disclosure of which is required to ensure the compliance of the *Client* with the FOIA/EIR and/or any applicable guidance or codes of practice.

Z.55.3

Nothing in this clause Z.55 shall prevent the Recipient from disclosing Confidential Information where it is required to do so by judicial administrative, governmental or regulatory process in connection with any action, suit, proceedings or claim or otherwise by Applicable Law or, where the *Contractor* is the Recipient, to the *Contractor's* immediate or ultimate holding company provided that the *Contractor* procures that such holding company complies with this clause Z.55 as if any reference to the *Contractor* in this clause Z.55 were a reference to such holding company.

Z.55.4

The *Contractor* acknowledges that the *Client* is subject to the FOIA/EIR. The *Contractor* notes and acknowledges the FOIA/EIR and the respective Codes of Practice on the Discharge of Public Authorities' Functions and on the Management of Records (which are used under sections 45 and 46 of the FOIA respectively) together with any code of practice or guidance on the application of the EIR as may be issued, amended, updated or replaced from time to time. The *Contractor* will act in accordance with the FOIA/EIR and these Codes of Practice (and any other applicable codes of practice or guidance notified to the *Contractor*

from time to time) to the extent that they apply to the *Contractor's* performance under the contract.

Z.55.5 The *Contractor* agrees that:

- without prejudice to the generality of clause Z.55.4, the provisions of this clause Z.55 are subject to the respective obligations and commitments of the *Client* under the FOIA/EIR and the Code of Practice
- subject to clause Z.55.6, the decision on whether any exemption applies to a request for disclosure of recorded information is a decision solely for the *Client*
- where the *Client* is managing a request under the FOIA/EIR, the *Contractor* shall co-operate with the *Client* and shall respond within five (5) working days of any request by it for assistance in determining how to respond to a request for disclosure.

Z.55.6 The *Client* will consult the *Contractor* in relation to any request for disclosure of the *Contractor's* Confidential Information in accordance with all applicable guidance.

Z.55.7 This clause Z.55 shall remain in force without limit in time in respect of Confidential Information which comprises Personal Data. This clause shall otherwise remain in force for a period of 3 years after Completion or the termination of this contract.

Z.56 Data Protection

Z.56.1 For the purpose of this clause Z.56, the following definitions apply:

Data Loss Event means any event that results, or may result, in unauthorised access to Personal Data held by the *Contractor* under this contract, and/or actual or potential loss and/or destruction of Personal Data in breach of this contract, including any Personal Data breach.

Data Protection Legislation means the General Data Protection Regulations (GDPR).

Data Subject Access Request means a request made by, or on behalf of, a data subject in accordance with rights granted pursuant to the Data Protection Legislation to access their Personal Data.

Personal Data means personal data as defined in the Data Protection Legislation

Z.56.2 Both Parties shall comply with all applicable requirements of the Data Protection Legislation. This clause Z.56 is in addition to, and does not relieve, remove or replace, a Party's obligations under the Data Protection Legislation.

Z.56.3 The Parties acknowledge that for the purposes of the Data Protection Legislation, the *Client* is the data controller and the *Contractor* is the data processor (where

data controller and data processor have the meanings as defined in the Data Protection Legislation). The *Contractor* may process Personal Data in order to perform the *works* for the duration of this contract. Clauses Z.56.9 – Z.56.11 set out the types of Personal Data and categories of data subject that the *Contractor* may process under this contract.

Z.56.4

Without prejudice to the generality of clause Z.56.2, the *Client* will ensure that it has all necessary appropriate consents and notices in place to enable lawful transfer of the Personal Data to the *Contractor* for the duration and purposes of this contract.

Z.56.5

Without prejudice to the generality of clause Z.56.2, the *Contractor* shall, in relation to any Personal Data processed in connection with the performance of its obligations under this contract

- (a) process that Personal Data only on the written instructions of the *Client* unless the *Contractor* is required by the Applicable Laws to process Personal Data. Where the *Contractor* is relying on the Applicable Laws as the basis for processing Personal Data, the *Contractor* shall promptly notify the *Contractor* of this before performing the processing required by the Applicable Laws unless those Applicable Laws prohibit the *Contractor* from so notifying the *Client*
- (b) ensure that it has in place appropriate technical and organisational measures, reviewed and approved by the *Client*, to protect against unauthorised or unlawful processing of Personal Data and against accidental loss or destruction of, or damage to, Personal Data, appropriate to the harm that might result from the unauthorised or unlawful processing or accidental loss, destruction or damage and the nature of the data to be protected, having regard to the state of technological development and the cost of implementing any measures (those measures may include, where appropriate, pseudonymising and encrypting Personal Data, ensuring confidentiality, integrity, availability and resilience of its systems and services, ensuring that availability of and access to Personal Data can be restored in a timely manner after an incident, and regularly assessing and evaluating the effectiveness of the technical and organisational measures adopted by it)
- (c) ensure that all personnel who have access to and/or process Personal Data are obliged to keep the Personal Data confidential; and do not process Personal Data except in accordance with this contract
- (d) not transfer any Personal Data outside of the European Economic Area unless the prior written consent of the *Client* has been obtained and the following conditions are fulfilled
 - i. the *Client* or the *Contractor* have provided appropriate safeguards in relation to the transfer

- ii. the data subject has enforceable rights and effective legal remedies
 - iii. the *Contractor* complies with its obligations under the Data Protection Legislation by providing an adequate level of protection to any Personal Data that is transferred and
 - iv. the *Contractor* complies with reasonable instructions notified to it in advance by the *Client* with respect to the processing of the Personal Data
- (e) assist the *Client* in responding to any request from a data subject and in ensuring compliance with its obligations under the Data Protection Legislation with respect to security, breach notifications, impact assessments and consultations with supervisory authorities or regulators
- (f) notify the *Client* without undue delay on becoming aware of a Personal Data breach
- (g) at the written direction of the *Client*, delete or return Personal Data and copies thereof to the *Client* on termination of the contract unless required by the Applicable Laws to store the Personal Data
- (h) maintain complete and accurate records and information to demonstrate its compliance with this clause Z.56 and allow for audits by the *Client* or the *Client's* designated auditor
- (i) notify the *Client* immediately if it
 - i. receives a Data Subject Access Request (or purported Data Subject Access Request)
 - ii. receives a request to rectify, block or erase any Personal Data
 - iii. receives any other request, complaint or communication relating to either Party's obligations under the Data Protection Legislation
 - iv. receives any communication from the Information Commissioner or any other regulatory authority in connection with Personal Data processed under this contract
 - v. receives a request from any third party for disclosure of Personal Data where compliance with such request is required or purported to be required by law or
 - vi. becomes aware of a Data Loss Event.

The *Contractor* obligation to notify under clause Z.56.5(i) shall include the provision of further information to the *Client* in phases, as details become available.

Z.56.6 Before allowing any sub-processor to process any Personal Data related to this contract, the *Contractor* must

- (a) notify the *Client* in writing of the intended sub-processor and processing
- (b) obtain the written consent of the *Client*
- (c) enter into a written agreement with the sub-processor which gives effect to the terms set out in this clause Z.56 such that they apply to the sub-processor and
- (d) provide the *Client* with such information regarding the sub-processor as the *Client* may reasonably require.

Z.56.7 The *Client* may, at any time on not less than 30 days' notice, revise this clause Z.56 by

- (a) replacing it with any applicable controller to processor standard clauses or similar terms forming part of an applicable certification scheme (which shall apply when replaced by attachment to this contract) or
- (b) amending it to ensure that it complies with any guidance issued by the Information Commissioner's Office.

Z.56.8 The provisions of this clause shall apply during the contract and indefinitely after its expiry or termination.

Z.56.9 The *Contractor* may process Personal Data of the following types

- (a) name and
- (b) contact details.

Z.56.10 The *Contractor* may process sensitive Personal Data of the following types

- (a) physical or mental health details.

Z.56.11 The *Contractor* may process Personal Data relating to the *Client's*

- (a) employees and
- (b) customers and clients.

Z.57 **The Public Contracts Regulations 2015**

- Z.57.1** The *Client* may terminate the *Contractor's* obligation to Provide the Works if any of the provisions of paragraph 73(1) of The Public Contracts Regulations 2015 apply.
- Z.57.2** If the *Client* terminates under the provisions of paragraph 73(1)(b) of the Public Contracts Regulations 2015 as a result of information not disclosed by the *Contractor* at the Contract Date, the procedures and amounts due on termination are the same as if the contract was terminated for reason R11.
- Z.57.3** If the *Client* otherwise terminates under the provisions of paragraph 73(1) of the Public Contracts Regulations, the procedures and amounts due on termination are the same as if the contract was terminated for reason R23.
- Z.57.4** The *Contractor* does not appoint a Subcontractor or supplier if there are compulsory grounds for excluding the Subcontractor or supplier under regulation 57 of the Public Contracts Regulations 2015.
- Z.58** **Audit and Inspection**
- Z.58.1** The *Contractor* provides all facilities and allows the *Client*, its representatives, its auditors, any third party providing funding, or anyone with a statutory or other legal right to inspect or audit the *Client* full access to conduct any audit investigation of the contract. This includes access to:
- all premises owned or occupied by the *Contractor*
 - all documents in the possession, custody or control of the *Contractor* used in Providing the Works and valuation of compensation events;
 - all technology, resources, systems and procedures used or to be used in Providing the Works;
- and
- the *Contractor's* employees, Subcontractors, the Subcontractors' employees and *key persons* who are Providing the Works.
- Z.58.2** The *Client* reserves the right to undertake audits as it may deem appropriate including but not limited to:
- *works* content and establishment of the Prices;
 - valuation of compensation events;
 - health and safety;
 - details of data input to corporate systems regarding customer service.

- Z.58.3** The *Contractor* is required to provide all reasonable assistance to the *Client* in undertaking the audits and to provide to the *Client*, in a timely manner, such information and data as may be necessary effectively to complete them.
- Z.58.4** Where the findings from the *Client's* audit confirms concerns in respect of any of the above issues detailed in clause Z.58.2, requiring the *Client* having to undertake further audits and incurring additional costs, the *Contractor* shall be liable for all such additional costs and such costs shall be deducted from any payments due to the *Contractor* under this contract or any other contract with the *Client*.
- Z.59** **Construction (Design and Management) Regulations 2015**
- Z.59.1** The *Contractor* is to comply with its obligations under the Construction (Design and Management) Regulations 2015.
- Z.59.2** The *Contractor* is appointed as Principal Designer and Principal Contractor in accordance with the Construction (Design and Management) Regulations 2015 and is to carry out and complete the duties and obligations of Principal Designer and Principal Contractor under the Construction (Design and Management) Regulations 2015.
- Z.60** **Professional Indemnity Insurance**
- Z.60.1** The professional indemnity insurance maintained by the *Contractor* under this contract is
- to be with a reputable insurance company carrying on insurance business in the United Kingdom and
 - not to be subject to any unusual terms or excesses having regard to the cover which is available in the insurance market to competent contractors with good claims records and who are of similar size and experience as the *Contractor*.
- Z.60.2** In respect of a claim by or on account of the *Client*, the *Contractor* holds any such money received from such insurance (except for the *Contractor's* legal costs in respect of that particular claim) on trust for the *Client*, and does not make any deduction from those monies without first obtaining the *Client's* consent in writing.
- Z.61** **Information provided by the *Client***
- Z.61.1** The *Contractor* acknowledges that the *Client* does not warrant or give any representation on the accuracy or completeness of any data or information provided to the *Contractor* by or on behalf of the *Client* (including, but not limited to, any information or data contained in the Site Information). The *Contractor* must rely on its own enquiries and carry out such further investigation or surveys as it considers appropriate.

Z.62 Contamination and nuisance

Z.62.1 The *Contractor* takes all reasonable steps to protect the environment (both on and off the Site) and to avoid or limit damage to people and property resulting from contamination, pollution or the *Contractor's* operations on the Site.

Z.62.2 The *Contractor* at all times takes all practical steps to prevent any public or private nuisance (including, without limitation, any such nuisance caused by noxious fumes, noisy working operations or the deposit of any material or debris) or other interference with the rights of any adjoining or neighbouring landowner, tenant or occupier or Statutory Authority or statutory undertaker arising out of the carrying out of the *works* or any other obligation pursuant to this contract and the *Contractor* shall assist the *Client* in defending any action or proceedings which may be instituted in relation thereto.

Z.62.3 The *Contractor* ensure that there is no trespass on or over any adjoining or neighbouring property arising out of or in the course of or caused by the carrying out of the *works* or of any obligation pursuant to this contract.

Z62.4 Without prejudice to the *Contractor's* obligations under clause Z62.1 if the carrying out of the Works is likely to necessitate any interference (including the oversailing of tower crane jibs) with the rights of adjoining or neighbouring landowners, tenants or occupiers, the *Contractor* without cost to the *Client* shall obtain the prior written agreement of such landowners, tenants or occupiers subject to the approval of the *Client* (such approval not to be unreasonably withheld or delayed). The *Contractor* shall comply (at its own cost) in every respect with the conditions contained in such agreements.

Z62.5 The *Contractor* shall prevent any public or private nuisance including nuisance caused by noxious fumes, noisy working operations or the deposit of materials or debris or other interference with the rights of adjoining or neighbouring landowners, tenants or occupiers or statutory undertakers arising out of the *works* and, if the *Client* (acting reasonably) considers that the claim should be defended, defends or, if the *Client* so elects, shall assist the *Client* in defending any action or proceedings which may be instituted in relation thereto.

Z.63 Third Party Agreements

Z.63.1 Copies of the whole or parts of the following agreements:

- **[LIST AGREEMENTS]**

(excluding matters relating to price and payment) have been or will be provided to the *Contractor* and such agreements or parts thereof are referred to in this clause as "**the Third Party Agreements**".

Z.63.2 The *Contractor* Provides the Works in conformity with the *Client's* obligations under the Third Party Agreements including, without limitation, those obligations relating

to the provision of notice and permitting inspections before Completion of the *works* is certified.

Z.63.3 The *Contractor* Provides the Works in such manner and at such times so that no act, omission or default of the *Contractor* or any employee, Subcontractor or supplier of the *Contractor* shall constitute, cause or contribute to any breach by the *Client* of any of its obligations under the Third Party Agreements.

Z.64 Novation

Z.64.1 References in this clause to "the Novated Consultants" means the following consultants, who are to be novated from the *Client* to the *Contractor*:

[LIST CONSULTANTS TO BE NOVATED]

Z.64.2 References in this clause to "Novation Agreement" means the form of novation agreement contained in the Appendix 14.

Z.64.3 Within 14 days of the date of a notice given by or on behalf of the *Client* the *Contractor* shall:

- execute as deeds and deliver to the *Client* Novation Agreements between the *Contractor*, the *Client* and the Novated Consultants and
- execute as deeds and deliver to the *Client* collateral warranties in favour of the *Client* from each of the Novated Consultants in the form contained in Appendix [13 / 5] (with amendments reasonably required by the *Client*).

Z65 [Package Orders]

Z65.1 At any time during the duration of the contract the *Client* may identify works which at its sole discretion it wishes to instruct the *Contractor* to carry out pursuant to a Package Order.

Z65.2 The *Client* and the *Contractor* agree that the *Client* is under no obligation to the *Contractor* to issue a specific number or value of Package Orders during the term of this contract.

Z65.3 Whenever during the term of this contract the *Client* wishes the *Contractor* to provide works under a Package Order, the *Client* shall provide relevant information to the *Contractor* sufficient to enable the *Contractor* to prepare a Package Order Proposal and instruct the *Contractor* to prepare a Package Order Proposal (a "Request"). Upon issue of a Request by the *Client* to the *Contractor*, the Parties shall follow the Quotation Procedure indicated by the *Client*.

Z65.4 A Package Order shall only be formed between the *Client* and the *Contractor* in respect of any works when the relevant Package Order has been executed by the *Client* and *Contractor* in writing and dated.

- Z65.5** The *Contractor* shall not do any work included in a proposed Package Order until the Package Order has been formed.
- Z65.6** The *Contractor* shall perform all Package Order in accordance with the requirements of this Contract, the Package Order, and in the event of any inconsistency or conflict between the provisions of this Contract and the provisions of the relevant Package Order, the provisions of this Contract shall prevail, save where expressly stated otherwise.
- Z65.7** Each Package Order shall be a binding agreement on the Parties and shall incorporate the relevant Conditions of Contract (as may have been amended in such Package Order by agreement between the Parties) and such documentation shall together form a separate agreement between the Parties.
- Z65.8** The *Client* may from time to time wish to consult with the *Contractor* in relation to possible future Package Orders. The *Contractor* agrees to provide any reasonable cooperation and advice which the *Client* seeks prior to entering into a Package Order, acknowledging that unless and until the *Client* and the *Contractor* enter into a Package Order, the *Contractor* shall not be entitled to any reimbursement in connection with the same or have any guarantee that it shall be appointed to carry out the same.
- Z65.9** In the event that this contract is terminated in whole, any Package Order shall automatically terminate fourteen (14) days after termination of this contract unless the *Client* states in the notice of termination that the Package Order shall terminate in a shorter period than fourteen (14) days or with immediate effect.
- Z65.10** The *Client* may notify the *Contractor* in writing within ten (10) days of termination of this contract that any Package Order in relation to any works shall survive termination of this contract in which case the following shall apply:
- the *Contractor* shall continue or Provide the Contractor Services specified in the Package Order(s) referred to in the *Client's* notice in accordance with the terms and conditions of the Package Order
 - the Package Order(s) specified in the *Client's* notice shall be deemed to include such terms and conditions of the Conditions of Contract for works as are strictly necessary to give effect to and continue the operation of the Package Order(s) referred to in the *Client's* notice after termination of the contract, and
 - the Parties shall take all steps and do all things as necessary to give effect to the Package Order(s) referred to in the *Client's* notice.]
- Z66** **Design**
- Z66.1** As part of the *works*, the *Contractor* shall design those elements of design and enhancements set out in the Scope.

- Z66.2** The *Contractor* shall develop and complete the design as specified in the Scope.
- Z66.3** When undertaking the design the *Contractor* must produce all documentation, presentations, samples or models necessary to support any submission to the *Client* and to any external stakeholders, statutory undertakers or approval authorities to whom the *Client* has an obligation to consult or seek approval.
- Z66.4** When undertaking the design, the *Contractor* shall achieve the standard and detail of design and produce the design deliverables stated within the Scope.
- Z66.5** The *Contractor* acknowledges that the design it produces in relation to the project will be relied upon by Others in carrying out their design and performing their works in relation to the project.
- Z67** **Design Integration and Coordination**
- Z67.1** When undertaking any design in relation to the *works*, the *Contractor* shall ensure that such design is integrated and coordinated with any design prepared or being prepared for the Programme by Others in accordance with the Scope and instructions of the *Project Manager*, and where necessary to provide the *works*.
- Z67.2** The *Contractor* shall keep the *Project Manager* informed of all material aspects of the *works* and provide the *Project Manager* with such information and comments as it may from time to time require with regard to the *works* promptly and in good time so as not to delay or disrupt the progress of the *works* or cause the *Client* to be in breach of any obligation to a third party, any Applicable Law or statutory requirement.
- Z67.3** The *Contractor* in Providing the Works warrants, undertakes and represents to the *Client* as a condition of this contract that the *works* (including any design and / or specification prepared as part of the *works*) will:
- (a) be in accordance with the Scope and any performance or output specification or requirements contained or referred to in this contract,
 - (b) comply with all statutory requirements,
 - (c) comply with all Applicable Law,
 - (d) comply with all relevant Standards
 - (e) be integrated with the designs of Others, and
 - (f) the *Contractor* further warrants, undertakes and represents to the *Client* as a condition of this Contract that any design and / or specification prepared by the *Contractor* in the course of Providing the Works will not on Completion render the *works* incapable of being available.
- Z67.4** The *Contractor* shall submit the particulars of its design as the Scope requires to the *Project Manager* for acceptance.

- Z67.5** Within four (4) weeks (or such longer period as may be agreed between the Parties) of the *Contractor* submitting the particulars of design for acceptance, the *Project Manager* either accepts the particulars of the *Contractor's* design or notifies the *Contractor* of its reasons for not accepting it. Reasons for not accepting the *Contractor's* design are that:
- (a) it does not comply with the Scope
 - (b) it does not comply with the Applicable Law, standards or statutory requirements,
 - (c) it is not integrated and coordinated with the designs of Others where the *Contractor* is required by the Scope or instructions of the *Client* to integrate and / or co-ordinate its design with the designs of Others, or such integration is necessary for the *Contractor* to Provide the Works,
 - (d) it does not comply with this Contract,
 - (e) it is such that it will not allow the *works* to be constructed in accordance with this Contract,
 - (f) it is such that if constructed the *works* will not be available, or
 - (g) it is not in a format which is accepted for use by the *Client*.
- Z67.6** The *Contractor* must not provide the design to Others until the *Project Manager* has accepted the same.
- Z68** **Design Check Certificate**
- Z68.1** Where required by the Scope or by the *Project Manager* all designs prepared by the *Contractor* and submitted to the *Project Manager* shall be supported by a design check certificate in the form attached to the Scope signed by an appropriately qualified and experienced engineer other than the engineer who prepared the design. If the certifying engineer is not an employee of the *Contractor*, he or she is a Subcontractor.
- Z69** **Single Point Design Responsibility**
- Z69.1** In this clause Z.69, "*Client's* Design Information" means any drawings, proposals, specifications, method statements, designs, plans, scheme or other documents, or concepts prepared or developed by the *Client* and included in the Scope.
- Z69.2** The *Contractor* is deemed to have scrutinized and is fully responsible in all respects for the design of the *works* including, without limitation, any *Client's* Design Information which, for all purposes of this contract is deemed to be part of the *Contractor's* design.
- Z69.3** Where there is a mistake, inaccuracy or discrepancy in the *Client's* Design Information, the *Contractor* shall inform the *Project Manager* in writing of its proposed amendment to remove the mistake, inaccuracy or discrepancy. The

Project Manager may consent to the *Contractor's* proposed amendment or comment in writing on such an amendment. The *Contractor* shall take account of such comments and resubmit its proposed amendment to the *Project Manager*. Such process shall be repeated until the *Project Manager* accepts the *Contractor's* proposed amendment.

Z69.4 The *Contractor* is not entitled to any changes to the Prices, the Completion Date or *key dates* by reason of anything in this clause Z.69. Further, the *Contractor* hereby agrees that any comment or failure to comment by the *Project Manager* under this clause Z.70 shall not be treated as an act of prevention or breach of contract by the *Client*.

Z70 Collaborative Working

Z70.1 In carrying out the *works*, the *Contractor* shall work in a collaborative manner with the *Client*, the *Project Manager*, and the *Supervisor*, any other consultants engaged by the *Client*, and stakeholders and Others.

Z70.2 The *Contractor* shall coordinate its activities with those of others as required by the Scope and in accordance with the instruction of the *Project Manager*, the *Supervisor* and the *Client*.

Z70.3 The *Contractor* shall cooperate with the *Client* and Others in obtaining and providing information which they need in connection with their works and the *works*.

Z70.5 Where necessary to provide the *works*, the *Contractor* shall hold or attend meetings with others. The *Contractor* shall inform the *Project Manager* of these meetings beforehand and the *Project Manager* and the *Client* may attend them.

Z70.6 The *Contractor* shall provide the *works* and correct Defects in such a way as not to cause delay or disruption to the *Client* and / or Others. In the event that providing the *works* or correcting the Defects causes delay or disruption to the *Client* and / or Others, the *Contractor* shall take all reasonable steps to mitigate and minimise such delay or disruption.

Z71 Performance Bond

Z71.1 When required by the *Client*, the *Contractor* shall provide a Performance Bond in accordance with the Contract Data in the form attached at Appendix 6 (any amendment to be reasonably agreed by the *Client*) and it shall be maintained until the required date.

Z72 Assignment

Z72.1 The *Contractor* shall not assign, transfer, charge or otherwise deal with this contract (or any of its rights or obligations under it) nor grant, declare a trust of, create or dispose of any right or interest in it without the prior written consent of the *Client*.

Z72.2

The *Client* may assign in whole or in part any benefit or right under this contract at any time to any person without the consent of the *Contractor* being required. In addition, the *Client* may assign or transfer all or any rights under or arising out of this contract at any time without the prior consent of the *Contractor* to a third party in which the Welsh Government shall have a controlling interest taking a valid assignment of the benefit of the *Client's* interest in this contract and the Parties shall do all things necessary to give effect to this clause Z.72. The *Client* shall use all reasonable endeavours to provide prior written notice to the *Contractor* of any change in assignment no less than fourteen (14) days prior to such assignment but for the avoidance of doubt, any failure to give such notice shall not affect the validity of such assignment.

Z73**Limitation of Liability****Z73.1**

Save in respect of any excluded matters, the maximum aggregate liability of the *Contractor* to the *Client*, under or in connection with this contract [and any **Package Order instructed under this contract,**] shall, in respect of the *works* only, not exceed the higher of (a) the figure set out in the Contract Data; or (b) the aggregate of any sums payable by the *Client* to the *Contractor* in connection with the *works* under this contract **[and any Package Orders instructed pursuant to this contract]** as at the date of the formal demand issued by the *Client* (the "*Aggregate Liability Cap*"). For the avoidance of doubt, this *Aggregate Liability Cap* shall not act to restrict or limit any liability of the *Contractor* pursuant to the remainder of this contract. The excluded matters for the purposes of the *Aggregate Liability Cap* are liabilities of the *Contractor* in respect of:

- (a) any failure by the *Contractor* to comply with any Applicable Law and / or statutory requirements,
- (b) the use by the *Client* and Others of any IPR provided by or on behalf of the *Contractor* (including any IPR provided by any Subcontractor), including any infringement of any third party's intellectual property rights,
- (c) any damage to or loss of any third party property, real and personal, and
- (d) any bodily injury, sickness, disease or death, of any person whatsoever.

Z73.2

Nothing in this contract shall exclude or limit any liability of the *Contractor* in respect of gross negligence, death or personal injury, fraud, illegal acts, deliberate default, reckless misconduct or abandonment of the *works* by the *Contractor*.

Z73.3

The *Contractor* acknowledges and agrees that it may be engaged by the *Client* to perform the *works*. Accordingly, the *Contractor* shall not be entitled to, and hereby waives, any claim against the *Client*, for any relief from its obligations, additional fees, cost, compensation or expenses, extensions of time or a variation under or in connection with this contract **[or each Package Order]** arising out of or in connection with any neglect, default or other act or omission of the *Contractor* **[under any other Package Order, or any Contractor Works Package]**.

Z73.4

Neither Party shall be entitled to recover compensation or make a claim under this contract in respect of any loss that it has incurred to the extent that it has been compensated in respect of that loss pursuant to this contract.

Z74**Parent Company Guarantee**

Where indicated in the Contract Data or required by the *Client*, the *Contractor* shall enter into a Parent Company Guarantee in the form attached at Appendix 7 (any amendment to be reasonably agreed by the *Client*).

Appendix 3 - Scope

[insert]

Appendix 4 – Contractor Warranty

Date: [•]

- (1) [CONTRACTOR] ("Contractor")
- (2) [BENEFICIARY] ("Beneficiary")
- (3) TRANSPORT FOR WALES / TRANSPORT FOR WALES RAIL LTD ("Client")

Collateral Warranty: Contractor to [Funder / Tenant / Welsh Government / Purchaser / Other Beneficiary]

relating to

[PROJECT NAME]

BLAKE 
MORGAN

Blake Morgan LLP
One Central Square
Cardiff CF10 1FS
www.blakemorgan.co.uk

THIS DEED IS MADE THE [●] DAY OF [●] 20[●]

BETWEEN

- (1) [CONTRACTOR] incorporated and registered in England and Wales with company number [COMPANY NUMBER] whose registered office is at [REGISTERED OFFICE ADDRESS] ("Contractor"); and
- (2) [BENEFICIARY] incorporated and registered in England and Wales with company number [COMPANY NUMBER] whose registered office is at [REGISTERED OFFICE ADDRESS] ("Beneficiary"); and
- (3) [Transport for Wales, incorporated and registered in England and Wales with company number 09476013 whose registered office is at 3, Llys Cadwyn, Pontypridd, CF37 4TH or Transport for Wales Rail Ltd, incorporated and registered in England and Wales with company number 12619906 whose registered office is at 3, Llys Cadwyn, Pontypridd, CF37 4TH] (the "Client")

BACKGROUND

- (A) In accordance with a Contract dated [x] the Client has engaged the Contractor to carry out the Works [describe the Project and the Site] as set out in the Contract ("the Works").
- (B) The Beneficiary, as [insert interest], has an interest in the Works.
- (C) The Client requires the Contractor to enter into a collateral warranty in favour of the Beneficiary.
- (D) The Contractor has agreed to enter into this Deed with the Beneficiary, for the benefit of the Beneficiary.

CONSIDERATION

In consideration of the payment of the £1 by the Beneficiary to the Contractor, receipt of which the Contractor acknowledges, the Contractor has agreed to enter into this deed with the Beneficiary.

AGREED TERMS

1 DEFINITIONS

- 1.1 In this Deed unless otherwise stated defined terms shall have the same meaning ascribed to them as in the Contract. The following terms have the following meanings:

Completion	occurs when the <i>Project Manager</i> certifies completion of the Works under the Contract.
Contract	means the Conditions of Contract between the Client and the Contractor dated [●]
Deleterious Materials	any products or materials which are generally known within the construction industry to be deleterious at the time of specification or approval in the particular

circumstances in which they are to be used, or those identified as potentially hazardous in or not in conformity with:

- (a) Section 2 of the British Council for Offices / British Property Federation report entitled "Good Practice in the Selection of Construction Materials" (current at the time of specification, authorisation or use);
- (b) relevant International Standards, British Standards or European Standards or Codes of Practice and general good building and engineering practice;
- (c) any publications of the Building Research Establishment related to the specification of products or materials; or
- (d) the Standards (if the Standards are applicable to the Works), all Applicable Law, statutory requirements, the Sustainable Development Plan and the instructions of the Client.

Funder

the person that has provided, or is to provide, finance in connection with: (a) the whole or any part of the Project or the completed Project; or (b) the whole or any part of the Site, whether that person acts on its own account, as agent for a syndicate of other parties or otherwise.

Intellectual Property

all intellectual and industrial property rights of any kind including (without limitation) patents, supplementary protection certificates, rights in Know-How, registered trademarks, registered designs, unregistered design rights, unregistered trademarks, rights to prevent passing off or unfair competition and copyright (whether in drawings, plans, specifications, designs and computer software or otherwise), database rights, topography rights, any rights in any invention, discovery or process, and applications for and rights to apply for any of the foregoing, in each case in the United Kingdom and all other countries in the world and together with all renewals, extensions, continuations, divisions, reissues, re-examinations and substitutions.

Material

all the designs, drawings, models, plans, specifications, design details, photographs, brochures, reports, notes of meetings, CAD materials, calculations, data, databases, schedules, programmes, bills of quantities, budgets and any other materials and all updates, amendments, additions and revisions to them and any works, designs

or inventions incorporated or referred to in them, prepared or to be prepared by or on behalf of the Contractor in connection with Works.

Party

a party to this Deed

Permitted Uses

the design, construction, completion, reconstruction, modification, refurbishment, development, maintenance, facilities management, funding, disposal, letting, fitting-out, advertisement, decommissioning, demolition, reinstatement, extension (but not to reproduce the designs contained in the Material in any such extension) building information modelling and repair of the Project.

Project

[X]

Site

[TBC]

Standard of Care

means the degree of skill and care, diligence, prudence and foresight which would reasonably and ordinarily be expected of a skilled and experienced contractor engaged in the design and/or specification of works of a similar nature, scope, value and complexity to the Works and under the same or similar circumstances, where such contractor is seeking to comply with its contractual obligations and all Applicable Law.

Working Day

means a day other than a Saturday or Sunday, or a public holiday in Wales.

Works

the works provided by the Contractor in accordance with the Contract [and includes Work when instructed under an Works Packages].

[Works Package]

the package of works instructed in accordance with the Contract]

2 CONTRACTOR'S OBLIGATIONS

2.1 The Contractor warrants to the Beneficiary that:

- 2.1.1 it has complied, and shall continue to comply, with its obligations under the Contract;
- 2.1.2 it has executed, and shall continue to execute, the Works in a good and workmanlike manner;
- 2.1.3 it has exercised and shall continue to exercise the Standard of Care when:
 - (a) carrying out design in respect of the Project; and

- (b) selecting goods, materials, plant and equipment for incorporation in the Project; and

2.1.4 has not and will not specify or use Deleterious Materials in the Project.

2.2 The Contractor recognises that the Beneficiary has relied on or will rely upon the Contractor's skill and care and on the full and proper performance of the Contractor's obligations under the Contract.

2.3 In proceedings for breach of this clause 2, the Contractor may:

2.3.1 rely on any limit of liability or other term of the Contract; and

2.3.2 raise equivalent rights of defence as it would have had if the Beneficiary had been named as a joint Client, with the Client, under the Contract for this purpose not taking into account any set-off or counterclaim against the actual Client under the contract.

2.4 The Contractor's duties or liabilities under this Deed shall not be negated or diminished by any:

2.4.1 approval or inspection of any designs or specifications for the Works; or

2.4.2 testing of any work, goods, materials, plant or equipment; or

2.4.3 omission to approve, inspect or test,

by or on behalf of the Beneficiary or the Client.

2.5 This Deed shall not negate or diminish any other liability or obligation otherwise owed to the Beneficiary by the Contractor.

2.6 The Contractor acknowledges that no amendment to or variation to the contract nor any waiver, release, settlement or estoppels in respect of any of the Contractor's obligations under the Contract shall in any way affect the Contractor's obligations to the Beneficiary pursuant to this Deed except in circumstances where the Beneficiary has given its prior written consent to such amendment, variation, waiver, release, settlement or estoppel.

3 [STEP-IN RIGHTS: CONTRACTOR MAY NOT TERMINATE OR DISCONTINUE

3.1 The Contractor shall not exercise, or seek to exercise, any right to:

3.1.1 terminate its employment under the Contract or

3.1.2 discontinue performance of the Works

for any reason (including any breach on the part of the Client) without giving the Beneficiary at least twenty (20) Working Days' written notice of its intention to do so. Any notice from the Contractor shall specify the grounds for the Contractor's proposed termination or discontinuance.

- 3.2 The Contractor's right to terminate its employment under the Contract, or to discontinue performance of the Works, shall cease if, within the period referred to in clause 3.1, the Beneficiary gives notice to the Contractor, copied to the Client:
- 3.2.1 requiring the Contractor not to terminate its employment or not to discontinue performance of the Works under the Contract;
 - 3.2.2 acknowledging that the Beneficiary (or its nominee) will assume all the Client's obligations under the contract; and
 - 3.2.3 undertaking that the Beneficiary or its nominee will pay to the Contractor:
 - (a) any sums due and payable to the Contractor under the Contract in future; and
 - (b) any sums then due and payable to the Contractor under the Contract that are unpaid.
- 3.3 If the Beneficiary (or its nominee) serves notice on the Contractor under clause 3.3, then, from the date of service of the notice, the Contract shall continue in full force and effect, as if it had been entered into between the Contractor and the Beneficiary (to the exclusion of the Client).
- 3.4 In complying with this clause 3, the Contractor:
- 3.4.1 does not waive any breach of the Contract or default under by the Client; and
 - 3.4.2 may exercise its right to terminate its employment under the contract, or discontinue performance of the Works, after the expiry of the notice period referred to in clause 3.1, unless the Contractor's right to terminate or discontinue has ceased under clause 3.3.]

4 STEP-IN RIGHTS: BENEFICIARY MAY STEP-IN

- 4.1 Without affecting clause 3.1, if the Beneficiary serves a notice on the Contractor, copied to the Client, that:
- 4.1.1 confirms that the Beneficiary wishes to step-in to the Contract; and
 - 4.1.2 complies with the requirements for a Beneficiary's notice under clause 3.3,
- then, from the date of service of the notice,
- 4.1.3 the contract shall continue in full force and effect, as if it had been entered into between the Contractor and the Beneficiary (or its nominee), to the exclusion of the Client;
 - 4.1.4 The parties shall take all steps and do all things as necessary to give effect to this clause 4.1 including as may be necessary entering into an amended and re-stated contract as a stand-alone document.

4.2 The Contractor shall assume that, between the Client and the Beneficiary, the Beneficiary may give a notice under clause 4.1. The Contractor shall not enquire whether the Beneficiary may give that notice.

4.3 In complying with this clause 4 the Contractor does not waive any breach of the Contract or default under the Contract.

5 STEP-IN RIGHTS: CONTRACTOR'S POSITION AND CLIENT'S CONSENT

5.1 The Contractor shall not incur any liability to the Client by acting in accordance with clause 3 or clause 4.

5.2 The Client has entered into this Deed to confirm its consent to the agreement.

6 STEP-IN RIGHTS: BENEFICIARY'S GUARANTEE

If a Beneficiary's notice under clause 3 or clause 4 refers to the Beneficiary's nominee, the Beneficiary shall be liable to the Contractor, as guarantor, for the payment of any sums due and payable from time to time to the Contractor from the Beneficiary's nominee.

7 NO INSTRUCTIONS TO CONTRACTOR BY BENEFICIARY

Unless the Beneficiary has stepped-in under clause 3 or clause 4,] the Beneficiary may not give instructions to the Contractor under this Deed.

8 PRIORITY OF STEP-IN

Where the Contractor has given rights in relation to the Contract similar to those contained in this Deed to any other person then if both the Beneficiary and any such other person serve notice under clause 3 or clause 4, the notice served by the Beneficiary shall prevail.

9 INTELLECTUAL PROPERTY

9.1 The Contractor grants to the Beneficiary, with immediate effect, an irrevocable, non-exclusive, non-terminable, royalty-free licence to copy and make full use of any Material and any Intellectual Property contained in the Material prepared by, or on behalf of, the Contractor for any purpose relating to the Project, including any of the Permitted Uses.

9.2 This licence carries the right to grant sub-licences and is transferable to third parties without the consent of the Contractor.

9.3 The Contractor shall not be liable for use of the Material for any purpose other than that for which it was prepared and / or provided.

9.4 The Beneficiary may request a copy (or copies) of some or all of the Material from the Contractor. On the Beneficiary's payment of the Contractor's reasonable charges for providing the copy (or copies), the Contractor shall provide the copy (or copies) to the Beneficiary.

9.5 In respect of any Material prepared by, or on behalf of, the Contractor (and which is being used for the purposes for which it was provided) the Contractor shall indemnify the Beneficiary from and against all claims, proceedings, damages, costs and *expenses* which may be brought or

made against the Beneficiary or to which the Beneficiary may be put by reason of any infringement of such Material (or the rights or titles therein) or by reason of such infringement having been held to have taken place.

10 PROFESSIONAL INDEMNITY INSURANCE

10.1 The Contractor shall maintain professional indemnity insurance at the Contractor's cost for an amount of at least £[INSERT SUM]m for any one occurrence or series of occurrences arising out of any one event [(and in respect of pollution and contamination an amount of at least £[INSERT SUM] in the annual aggregate and in respect of asbestos an amount of at least £[INSERT SUM] in the annual aggregate)] for a period beginning on the date of this Deed and ending 12 years after Completion, provided that such insurance is available at commercially reasonable rates. The Contractor shall maintain that professional indemnity insurance:

10.1.1 with reputable insurers lawfully carrying on insurance business in the UK;

10.1.2 on customary and usual terms and conditions prevailing for the time being in the insurance market; and

10.1.3 on terms that:

(a) do not require the Contractor to discharge any liability before being entitled to recover from the insurers; and

(b) would not adversely affect the rights of any person to recover from the insurers under the Third Parties (Rights Against Insurers) Act 2010.

10.2 Any increased or additional premium required by insurers because of the Contractor's claims record or other acts, omissions, matters or things particular to the Contractor shall be deemed to be within commercially reasonable rates.

10.3 The Contractor shall not, without the Beneficiary's written consent, by any act or omission lose or affect the Contractor's right to make, or proceed with, that claim against the insurers.

10.4 The Contractor shall immediately inform the Beneficiary if the Contractor's required professional indemnity insurance ceases to be available at commercially reasonable rates, so that the Contractor and the Beneficiary can discuss how best to protect the respective positions of the Beneficiary and the Contractor regarding the Project and the Property, without that insurance.

10.5 The Contractor shall fully co-operate with any measures reasonably required by the Beneficiary, including:

10.5.1 completing any proposals for insurance and associated documents; or

10.5.2 maintaining insurance at rates above commercially reasonable rates, if the Beneficiary reimburses the Contractor for the net cost of that insurance above commercially reasonable rates.

10.6 Whenever the Beneficiary reasonably requests, the Contractor shall send the Beneficiary evidence that the Contractor's professional indemnity insurance is in force, including, if

required by the Beneficiary, an original letter from the Contractor's insurers or brokers confirming:

10.6.1 the Contractor's then current professional indemnity insurance; and

10.6.2 that the premiums for that insurance have been paid in full at the date of that letter.

11 LIABILITY PERIOD

The Beneficiary may not commence any legal action against the Contractor under this Deed after 12 years from the date of Completion.

12 ASSIGNMENT

12.1 The Contractor may not assign or transfer any rights under this Deed without the prior written consent of the Beneficiary.

12.2 The Beneficiary may assign the benefit of this Deed:

12.2.1 on two occasions to any person; and

12.2.2 without counting as an assignment under clause 12.2.1;

12.2.3 by way of security to a Funder (including any reassignment on redemption of security); or

12.2.4 to and from a subsidiary or other associated companies within the same group of companies as the Beneficiary so long as that assignee company remains within the same group of companies as the Beneficiary.

13 NOTICES

13.1 Each notice or other communication ("Notice") to be given under this Deed shall be given in writing in English and shall be delivered by hand or post. For the avoidance of doubt Notice shall not be validly served by e-mail.

13.2 Any Notice to be given by one Party to another under this Deed shall (unless one Party has specified another address to the other Party, such address to take effect on five (5) Working Days after receipt or deemed receipt of the Notice specifying the other address) be given to that other Party at the address set out below:

13.2.1 Beneficiary:

[ADDRESS]

Attention: [CONTACT]

13.2.2 Contractor:

[ADDRESS]

Attention: [CONTACT]

13.2.3 Client:

[ADDRESS]

Attention: [CONTACT]

13.3 Any Notice given by any Party shall be deemed to have been received:

13.3.1 if given by hand, at the time of day of actual delivery;

13.3.2 if posted, by 10am on the second Working Day following the Working Day on which it was despatched by first class recorded or special delivery mail postage prepaid; and

13.3.3 if sent by courier on the date and at the time that the courier's delivery receipt is signed,

provided that a Notice given in accordance with the above but received on a day which is not a Working Day or after normal business hours in the place of receipt shall be deemed to have been received on the next Working Day.

14 THIRD PARTY RIGHTS

A person who is not a Party to this Deed shall have no rights under the Contract (Rights of Third Parties) Act 1999 to enforce any of its terms.

15 GOVERNING LAW AND JURISDICTION

15.1 This Deed, and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims), shall be governed by and construed in accordance with the law of England and Wales as it applies in Wales.

15.2 The Parties irrevocably agree that the courts of England and Wales sitting in Cardiff shall have exclusive jurisdiction (save where the Client directs that the High Court in London (or elsewhere) should have jurisdiction) to settle any disputes which may arise out of or in connection with this Deed and / or its subject matter or formation (including non-contractual disputes or claims).

This collateral warranty has been executed as a deed and is delivered and takes effect on the date stated at the beginning of it.

[DN: Execution clauses to be inserted]

Appendix 5
The Contractor's Subcontractor Warranties

Date: [•]

- (1) [SUBCONTRACTOR] ("Subcontractor")
- (2) [CONTRACTOR] ("Contractor")
- (3) TRANSPORT FOR WALES / TRANSPORT FOR WALES RAIL LTD ("Client") OR [BENEFICIARY] ("Beneficiary")

Collateral Warranty: Subcontractor to [Client] / [Funder / Welsh Government / Tenant / Purchaser / Other Beneficiary]

relating to

[PROJECT NAME]

BLAKE 
MORGAN

Blake Morgan LLP
One Central Square
Cardiff CF10 1FS
www.blakemorgan.co.uk

THIS DEED IS MADE THE [•] DAY OF [•] 20[•]

BETWEEN

- (1) [SUBCONTRACTOR] incorporated and registered in England and Wales with company number [COMPANY NUMBER] whose registered office is at [REGISTERED OFFICE ADDRESS] ("Subcontractor"); and
- (2) [CONTRACTOR] incorporated and registered in England and Wales with company number [COMPANY NUMBER] whose registered office is at [REGISTERED OFFICE ADDRESS] ("Contractor"). and
- (3) [Transport for Wales, incorporated and registered in England and Wales with company number 09476013 whose registered office is at 3, Llys Cadwyn, Pontypridd, CF37 4TH or Transport for Wales Rail Ltd, incorporated and registered in England and Wales with company number 12619906 whose registered office is at 3, Llys Cadwyn, Pontypridd, CF37 4TH] (the "Client")

OR

[BENEFICIARY] incorporated and registered in England and Wales with company number [COMPANY NUMBER] whose registered office is at [REGISTERED OFFICE ADDRESS] ("Beneficiary")]

BACKGROUND

- (A) The Contractor has engaged the Subcontractor to carry out the [describe the nature of the services / works] in relation to the Project.
- (B) The Beneficiary, as [insert interest], has an interest in the Works.
- (C) The Contractor requires the Subcontractor to enter into a collateral warranty in favour of the [Client / Beneficiary].
- (D) The Subcontractor has agreed to enter into this Deed with the [Beneficiary and / or Client] for the benefit of the [Client / Beneficiary].

CONSIDERATION

In consideration of the payment of £1 by the [Client / Beneficiary] to the Subcontractor receipt of which the Subcontractor acknowledges, the Subcontractor has agreed to enter into this deed with the [Client / Beneficiary]

AGREED TERMS

1 DEFINITIONS

- 1.1 In this Deed unless otherwise stated defined terms shall have the same meaning ascribed to them as in the Contract. The following terms have the following meanings:

Completion	occurs when the <i>Project Manager</i> certifies completion of the Works under the Contract.
Contract	the Conditions of Contract dated [●] between the Client and the Contractor in respect of the Project.
Deleterious Materials	<p>any products or materials which are generally known within the construction industry to be deleterious at the time of specification or approval in the particular circumstances in which they are to be used, or those identified as potentially hazardous in or not in conformity with:</p> <ul style="list-style-type: none"> (a) Section 2 of the British Council for Offices / British Property Federation report entitled "Good Practice in the Selection of Construction Materials" (current at the time of specification, authorisation or use); (b) relevant International Standards, British Standards or European Standards or Codes of Practice and general good building and engineering practice; (c) any publications of the Building Research Establishment related to the specification of products or materials; or (d) the Standards (if the Standards are applicable to the Works), all Applicable Law, statutory requirements, the Sustainable Development Plan and the instructions of the Client.
Funder	the person that has provided, or is to provide, finance in connection with: (a) the whole or any part of the Project or the completed Project; or (b) the whole or any part of the Site, whether that person acts on its own account, as agent for a syndicate of other parties or otherwise.

Intellectual Property

all intellectual and industrial property rights of any kind including (without limitation) patents, supplementary protection certificates, rights in Know-How, registered trademarks, registered designs, unregistered design rights, unregistered trademarks, rights to prevent passing off or unfair competition and copyright (whether in drawings, plans, specifications, designs and computer software or otherwise), database rights, topography rights, any rights in any invention, discovery or process, and applications for and rights to apply for any of the foregoing, in each case in the United Kingdom and all other countries in the world and together with all renewals, extensions, continuations, divisions, reissues, re-examinations and substitutions.

Materials

all the designs, drawings, models, plans, specifications, design details, photographs, brochures, reports, notes of meetings, CAD materials, calculations, data, databases, schedules, programmes, bills of quantities, budgets and any other materials and all updates, amendments, additions and revisions to them and any works, designs or inventions incorporated or referred to in them, prepared or to be prepared by or on behalf of the Sub Contractor in connection with the Works.

Party

a party to this Deed

Permitted Uses

the design, construction, completion, reconstruction, modification, refurbishment, development, maintenance, facilities management, funding, disposal, letting, fitting-out, advertisement, decommissioning, demolition, reinstatement, extension (but not to reproduce the designs contained in the Material in any such extension) building information modelling and repair of the Project

Project

[TBC]

Site

[TBC]

Standard of Care

the degree of skill and care, diligence, prudence and foresight which would reasonably and ordinarily be expected of a skilled and experienced contractor engaged in the design and/or specification of works of a similar nature, scope, value and complexity to the Subcontractor Works and under the same or similar circumstances, where such contractor is seeking to comply with its contractual obligations and all Applicable Law.

Sub-Contract	The agreement in writing between the Contractor and Subcontractor dated [●] under which the Subcontractor is to carry out and complete the Subcontractor Works.
Subcontractor Works	The services and or works relating to the Works which the Sub-Consultant is to perform under the Sub Contract.
Working Day	a day other than a Saturday or Sunday, or a public holiday in Wales.
Works	the works provided by the Contractor in accordance with the Contract [and includes any Works Package].
[Works Package]	a package of works instructed under the Contract.]

2 SUBCONTRACTOR'S OBLIGATIONS

- 2.1 The Subcontractor warrants to the [Client / Beneficiary] that:
- 2.1.1 it has complied, and shall continue to comply, with its obligations under the Sub-Contract;
 - 2.1.2 it has executed, and shall continue to execute, the Subcontractor Works in a good and workmanlike manner;
 - 2.1.3 it has exercised and shall continue to exercise the Standard of Care when:
 - (a) carrying out design in respect of the Project; and
 - (b) selecting goods, materials, plant and equipment for incorporation in the Project; and
 - 2.1.4 has not and will not specify or use Deleterious Materials in the Project.
- 2.2 The Subcontractor recognises that the [Client / Beneficiary] has relied on or will rely upon the Subcontractor's skill and care and on the full and proper performance of the Sub-Contractor's obligations under the Sub-Contract.
- 2.3 In proceedings for breach of this clause 2, the Subcontractor may:
- 2.3.1 rely on any limit of liability or other term of the Sub-Contract; and
 - 2.3.2 raise equivalent rights of defence as it would have had if the [Client / Beneficiary] had been named as a joint Client, with the Contractor, under the Sub-Contract (for this purpose not taking into account any set-off or counterclaim against the Contractor under the contract).
- 2.4 The Subcontractor's duties or liabilities under this Deed shall not be negated or diminished by any:

2.4.1 approval or inspection of any designs or specifications for the Subcontractor Works;
or

2.4.2 testing of any work, goods, materials, plant or equipment; or

2.4.3 omission to approve, inspect or test,

by or on behalf of the [Client / Beneficiary] or the Contractor.

2.5 This Deed shall not negate or diminish any other liability or obligation otherwise owed to the [Client / Beneficiary] by the Subcontractor.

2.6 The Subcontractor acknowledges that no amendment to or variation to the Sub-Contract nor any waiver, release, settlement or estoppels in respect of any of the Subcontractor's obligations under the Sub-Contract shall in any way affect the Subcontractor's obligations to the [Client / Beneficiary] pursuant to this Deed except in circumstances where the [Client / Beneficiary] has given its prior written consent to such amendment, variation, waiver, release, settlement or estoppel.

3 STEP-IN RIGHTS: SUBCONTRACTOR MAY NOT TERMINATE OR DISCONTINUE

3.1 The Subcontractor shall not exercise, or seek to exercise, any right to:

3.1.1 terminate its employment under the Sub-Contract or

3.1.2 discontinue performance of the Sub-Contractor Works

for any reason (including any breach on the part of the Contractor) without giving the [Client / Beneficiary] at least twenty (20) Working Days' written notice of its intention to do so. Any notice from the Subcontractor shall specify the grounds for the Subcontractor's proposed termination or discontinuance.

3.2 If the Sub-Contract allows the Subcontractor a shorter notice period for the exercise of a right referred to in clause 3.1, the notice period in the Sub-Contract shall be extended to take account of the notice period required under clause 3.1.

3.3 The Subcontractor's right to terminate its employment under the Sub-Contract, or to discontinue performance of the Subcontractor Works shall cease if, within the period referred to in clause 3.1, the [Client / Beneficiary] gives notice to the Subcontractor, copied to the Contractor;

3.3.1 requiring the Subcontractor not to terminate its employment or not to discontinue performance of the Sub-Contractor Works under the Sub-contract;

3.3.2 acknowledging that the [Client / Beneficiary] (or its nominee) will assume all the Contractor's obligations under the Sub-contract; and

3.3.3 undertaking that the [Client / Beneficiary] or its nominee will pay to the Subcontractor:

(a) any sums due and payable to the Subcontractor under the Sub-contract in future; and

- (b) any sums then due and payable to the Subcontractor under the Sub-contract that are unpaid.
- 3.4 If the [Client / Beneficiary] (or its nominee) serves notice on the Subcontractor under clause 3.3, then, from the date of service of the notice, the Sub-contract shall continue in full force and effect, as if it had been entered into between the Subcontractor and the [Client / Beneficiary] (to the exclusion of the Contractor).
- 3.5 In complying with this clause 3, the Subcontractor:
- 3.5.1 does not waive any breach of the Sub-Contract or default under by the Contractor; and
- 3.5.2 may exercise its right to terminate its employment under the Sub-Contract, or discontinue performance of the Subcontractor Works, after the expiry of the notice period referred to in clause 3.1, unless the Subcontractor's right to terminate or discontinue has ceased under clause 3.3.
- 4 STEP-IN RIGHTS: [CLIENT / BENEFICIARY] MAY STEP-IN**
- 4.1 Without affecting clause 3.1, if the [Client / Beneficiary] serves a notice on the Subcontractor, copied to the Contractor, that:
- 4.1.1 confirms that the [Client / Beneficiary] wishes to step-in to the Sub-Contract; and
- 4.1.2 complies with the requirements for an [Client's / Beneficiary's] notice under clause 3.3,
- then, from the date of service of the notice,
- 4.1.3 the Sub-contract shall continue in full force and effect, as if it had been entered into between the Subcontractor and the [Client / Beneficiary] (or its nominee), to the exclusion of the Contractor;
- 4.1.4 The parties shall take all steps and do all things as necessary to give effect to this clause 4.1 including as may be necessary entering into an amended and re-stated Sub-contract as a stand-alone document.
- 4.2 The Subcontractor shall assume that, between the Contractor and the [Client / Beneficiary], the [Client / Beneficiary] may give a notice under clause 4.1. The Subcontractor shall not enquire whether the [Client / Beneficiary] may give that notice.
- 4.3 In complying with this clause 4 the Subcontractor does not waive any breach of the Sub-contract or default under the contract
- 5 STEP-IN RIGHTS: SUBCONTRACTOR POSITION AND CONTRACTOR'S CONSENT**
- 5.1 The Subcontractor shall not incur any liability to the Contractor by acting in accordance with clause 3 or clause 4.
- 5.2 The Contractor has entered into this Deed to confirm its consent to the agreement.

6 STEP-IN RIGHTS: [CLIENT'S / BENEFICIARY'S] GUARANTEE

If an [Client's / Beneficiary's] notice under clause 3 or clause 4 refers to the [Client's / Beneficiary's] nominee, the [Client / Beneficiary] shall be liable to the Subcontractor, as guarantor, for the payment of any sums due and payable from time to time to the Subcontractor from the [Client's / Beneficiary's] nominee.

7 NO INSTRUCTIONS TO SUBCONTRACTOR BY [CLIENT / BENEFICIARY]

Unless the [Client / Beneficiary] has stepped-in under clause 3 or clause 4, the [Client / Beneficiary] may not give instructions to the Subcontractor under this Deed.

8 PRIORITY OF STEP-IN

Where the Contractor has given rights in relation to the contract similar to those contained in this Deed to any other person then if both the [Client / Beneficiary] and any such other person serve notice under clause 3 or clause 4, the notice served by the [Client / Beneficiary] shall prevail.

9 INTELLECTUAL PROPERTY

- 9.1 The Subcontractor grants to the [Client / Beneficiary], with immediate effect, an irrevocable, non-exclusive, non-terminable, royalty-free licence to copy and make full use of any Material and any Intellectual Property contained in the Material prepared by, or on behalf of, the Subcontractor for any purpose relating to the Project, including any of the Permitted Uses.
- 9.2 This licence carries the right to grant sub-licences and is transferable to third parties without the consent of the Subcontractor.
- 9.3 The Subcontractor shall not be liable for use of the Material for any purpose other than that for which it was prepared and / or provided.
- 9.4 The [Client / Beneficiary] may request a copy (or copies) of some or all of the Material from the Subcontractor. On the [Client's / Beneficiary's] payment of the Subcontractor's reasonable charges for providing the copy (or copies), the Subcontractor shall provide the copy (or copies) to the [Client / Beneficiary].
- 9.5 In respect of any Material prepared by, or on behalf of, the Subcontractor (and which is being used for the purposes for which it was provided) the Subcontractor shall indemnify the [Client / Beneficiary] from and against all claims, proceedings, damages, costs and expenses which may be brought or made against the [Client / Beneficiary] or to which the [Client / Beneficiary] may be put by reason of any infringement of such Material (or the rights or titles therein) or by reason of such infringement having been held to have taken place.

10 PROFESSIONAL INDEMNITY INSURANCE

- 10.1 The Subcontractor shall maintain professional indemnity insurance at the Subcontractor's cost for an amount of at least £[INSERT SUM]m for any one occurrence or series of occurrences arising out of any one event [(and in respect of pollution and contamination an amount of at least £[INSERT SUM] in the annual aggregate and in respect of asbestos an amount of at least £[INSERT SUM] in the annual aggregate)] for a period beginning on the date of this Deed and

ending 12 years after Completion, provided that such insurance is available at commercially reasonable rates. The Subcontractor shall maintain that professional indemnity insurance:

- 10.1.1 with reputable insurers lawfully carrying on insurance business in the UK;
- 10.1.2 on customary and usual terms and conditions prevailing for the time being in the insurance market; and
- 10.1.3 on terms that:
 - (a) do not require the Subcontractor to discharge any liability before being entitled to recover from the insurers; and
 - (b) would not adversely affect the rights of any person to recover from the insurers under the Third Parties (Rights Against Insurers) Act 2010.
- 10.2 Any increased or additional premium required by insurers because of the Subcontractor's claims record or other acts, omissions, matters or things particular to the Subcontractor shall be deemed to be within commercially reasonable rates.
- 10.3 The Subcontractor shall not, without the [Client's / Beneficiary's] written consent, by any act or omission lose or affect the Subcontractor's right to make, or proceed with, that claim against the insurers.
- 10.4 The Subcontractor shall immediately inform the [Client / Beneficiary] if the Subcontractor's required professional indemnity insurance ceases to be available at commercially reasonable rates, so that the Subcontractor and the [Client / Beneficiary] can discuss how best to protect the respective positions of the [Client / Beneficiary] and the Subcontractor regarding the Project and / or the Site without that insurance.
- 10.5 The Subcontractor shall fully co-operate with any measures reasonably required by the [Client / Beneficiary], including:
 - 10.5.1 completing any proposals for insurance and associated documents; or
 - 10.5.2 maintaining insurance at rates above commercially reasonable rates, if the [Client / Beneficiary] reimburses the Subcontractor for the net cost of that insurance above commercially reasonable rates.
- 10.6 Whenever the [Client / Beneficiary] reasonably requests, the Sub-Contractor shall send the [Client / Beneficiary] evidence that the Subcontractor's professional indemnity insurance is in force, including, if required by the [Client / Beneficiary], an original letter from the Sub-Contractor's insurers or brokers confirming:
 - 10.6.1 the Subcontractor's then current professional indemnity insurance; and
 - 10.6.2 that the premiums for that insurance have been paid in full at the date of that letter.

11 LIABILITY PERIOD

The [Client / Beneficiary] may not commence any legal action against the Subcontractor under this Deed after 12 years from the date of Completion.

12 ASSIGNMENT

12.1 The Subcontractor may not assign or transfer any rights under this Deed without the prior written consent of the [Client / Beneficiary].

12.2 The [Client / Beneficiary] may assign the benefit of this Deed:

12.2.1 on two occasions to any person; and

12.2.2 without counting as an assignment under clause 12.2.1;

12.2.3 by way of security to a Funder (including any reassignment on redemption of security); or

12.2.4 to and from a subsidiary or other associated companies within the same group of companies as the [Client / Beneficiary] so long as that assignee company remains within the same group of companies as the [Client / Beneficiary].

13 NOTICES

13.1 Each notice or other communication ("Notice") to be given under this Deed shall be given in writing in English and shall be delivered by hand or post. For the avoidance of doubt Notice shall not be validly served by e-mail.

13.2 Any Notice to be given by one Party to another under this Deed shall (unless one Party has specified another address to the other Party, such address to take effect on five (5) Working Days after receipt or deemed receipt of the Notice specifying the other address) be given to that other Party at the address set out below:

13.2.1 [Client / Beneficiary]:

[ADDRESS]

Attention: [CONTACT]

13.2.2 Subcontractor:

[ADDRESS]

Attention: [CONTACT]

13.2.3 Contractor:

[ADDRESS]

Attention: [CONTACT]

13.3 Any Notice given by any Party shall be deemed to have been received:

13.3.1 if given by hand, at the time of day of actual delivery;

13.3.2 if posted, by 10am on the second Working Day following the Working Day on which it was despatched by first class recorded or special delivery mail postage prepaid; and

13.3.3 if sent by courier on the date and at the time that the courier's delivery receipt is signed,

provided that a Notice given in accordance with the above but received on a day which is not a Working Day or after normal business hours in the place of receipt shall be deemed to have been received on the next Working Day.

14 THIRD PARTY RIGHTS

A person who is not a Party to this Deed shall have no rights under the Contract (Rights of Third Parties) Act 1999 to enforce any of its terms.

15 GOVERNING LAW AND JURISDICTION

15.1 This Deed, and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims), shall be governed by and construed in accordance with the law of England and Wales as it applies in Wales.

15.2 The Parties irrevocably agree that the courts of England and Wales sitting in Cardiff shall have exclusive jurisdiction (save where the Client directs that the High Court in London (or elsewhere) should have jurisdiction) to settle any disputes which may arise out of or in connection with this Deed and / or its subject matter or formation (including non-contractual disputes or claims).

This collateral warranty has been executed as a deed and is delivered and takes effect on the date stated at the beginning of it.

[DN: Execution clauses to be inserted]

**Appendix 6 -
The Performance Bond**

Date: [●]

- (1) [CONTRACTOR] ("Contractor")
- (2) [GUARANTOR] ("Guarantor")
- (3) TRANSPORT FOR WALES / TRANSPORT FOR WALES RAIL LTD ("Client")

Performance Bond

relating to

The provision of [●] Works in connection with [●] Project

BLAKE 
MORGAN

Blake Morgan LLP
One Central Square
Cardiff CF10 1FS
www.blakemorgan.co.uk

THIS BOND IS MADE THE [•] DAY OF [•] 20[•]

BETWEEN

- (1) [Transport for Wales, incorporated and registered in England and Wales with company number 09476013 whose registered office is at 3, Llys Cadwyn, Pontypridd, CF37 4TH or Transport for Wales Rail Ltd, incorporated and registered in England and Wales with company number 12619906 whose registered office is at 3, Llys Cadwyn, Pontypridd, CF37 4TH (the "Client");
- (2) [CONTRACTOR] incorporated and registered in England and Wales with company number [COMPANY NUMBER] whose registered office is at [REGISTERED OFFICE ADDRESS] ("Contractor"); and
- (3) [GUARANTOR] incorporated and registered in England and Wales with company number [COMPANY NUMBER] whose registered office is at [REGISTERED OFFICE ADDRESS] ("Guarantor").

BACKGROUND

- (A) The Client has or is about to enter into a contract, reference [REFERENCE], [dated [DATE]] with the Contractor for [DETAILS OF WORKS] ("Contract").
- (B) Pursuant to the Contract, the Contractor is required to procure a bond in the form of this Bond to be provided by the Guarantor to the Client.

AGREED TERMS

1 DEFINITIONS

- 1.1 In this Bond the following words shall have the following meanings:

Bond	this bond
Completion	has the meaning given to it in the Contract
Demand	a demand by the Client for payment pursuant to Clause 2.2 which satisfies the criteria in Clause 2.3
Insolvency	(in the case of a company or partnership) the making of a winding-up order against it, the appointment of a provisional liquidator, the passing of a resolution for winding-up (other than in order to amalgamate or reconstruct without insolvency), the making of an administration order against it, the appointment of a receiver, receiver and manager, or administrative receiver over the whole or a substantial part of its undertaking or assets, or the making of an arrangement with its creditors or (in the case of an individual) the presentation of a petition for bankruptcy, the making of a

bankruptcy order against it, the appointment of a receiver over its assets or the making of an arrangement with its creditor.

Loss	any debt, damage, interest, cost, loss or expense suffered by the Client
Maximum Amount	the maximum amount of this Bond which shall not exceed in aggregate £[MAXIMUM AMOUNT OF BOND]
Party	a party to this Bond
Project	[definition to be inserted].
Working Day	a day other than a Saturday or Sunday, or a public holiday in Wales.

2 PAYMENT

2.1 The Guarantor guarantees to pay to the Client any Loss caused by:

2.1.1 the Contractor's breach of the Contract; and / or

2.1.2 Insolvency of the Contractor,

up to the Maximum Amount.

2.2 The Client may deliver a Demand to the Guarantor requiring the Guarantor to pay the Loss specified in the Demand, up to the Maximum Amount. The Guarantor shall pay the sum specified in the Demand to the Client within five (5) Working Days of receipt of the Demand.

2.3 The Demand must:

2.3.1 be in writing and state:

(a) the breach of Contract or Insolvency of the Contractor giving rise to the Demand; and

(b) the sum demanded;

2.3.2 state the account into which the sum demanded shall be paid;

2.3.3 be signed on behalf of the Client; and

2.3.4 be delivered to the Guarantor in accordance with Clause 7 of this Bond.

2.4 The Client may make more than one Demand for an amount or amounts not exceeding the Maximum Amount in aggregate.

3 EXPIRY

3.1 This Bond shall expire on [TBC] ("Expiry").

- 3.2 On Expiry, this Bond shall become null and void, whether returned to the Guarantor for cancellation or not, except in respect of any Demand which is received by the Guarantor prior to Expiry.

4 VARIATIONS TO THE CONTRACT

- 4.1 The Contract may be modified, amended or supplemented in any way without the consent of the Guarantor.

- 4.2 The Guarantor's liability under this Bond shall remain in full force and effect and shall not be affected or discharged by any act, omission, waiver, matter or thing including, without limitation:

- 4.2.1 the liquidation, dissolution or Insolvency of the Contractor;
- 4.2.2 invalidity, avoidance or termination of the Contract;
- 4.2.3 any alteration of the terms, conditions or provisions of the Contract;
- 4.2.4 the extent or nature of the Contract; or
- 4.2.5 any extension of time under the Contract,

which but for this provision might operate to release or otherwise exonerate the Guarantor under this Bond in whole or in part.

5 PRIORITY OF CLAIMS AGAINST THE CONTRACTOR

- 5.1 Until the Client has recovered all sums due to it under or in connection with the Contract, the Guarantor shall not:

- 5.1.1 in respect of any payment made or liability under this Bond, claim, rank or vote as a creditor in the liquidation of the Contractor in competition with the Client; or
- 5.1.2 enforce any security over the assets of the Contractor in respect of any such payment or liability in competition with the Client.

This Clause 5 shall not limit or restrict the exercise or enforcement by the Guarantor of its rights against any other person.

- 5.2 If the Guarantor recovers any sums in breach of Clause 5.1, the Guarantor shall hold such sums on trust:

- 5.2.1 to pay to the Client any sums due from the Contractor to the Client under or in connection with the Contract; and
- 5.2.2 subject to Clause 5.2.1, for the benefit of the Guarantor.

6 CONCLUSIVE LIABILITY AND EXTENT OF LIABILITY

- 6.1 For the purposes of this Bond, any money judgment, award, adjudicator's decision or settlement agreement against the Contractor in favour of the Client under or in connection with

the Contract shall be conclusive evidence of any liability of the Contractor to which that judgment, award, agreement or decision relates.

6.2 Insolvency of the Contractor shall not reduce, release or impair the liability of the Guarantor under this Bond.

6.3 The Client may compromise, release, waive or neglect any security as it sees fit, without impairing its rights under this Bond.

7 NOTICES

7.1 Each Demand, notice or other communication ("Notice") to be given under this Bond shall be given in writing in English and shall be delivered by hand or post. For the avoidance of doubt Notice shall not be validly served by e-mail.

7.2 Any Notice to be given by one Party to another under this Bond shall (unless one Party has specified another address to the other Party, such address to take effect on five (5) Working Days after receipt or deemed receipt of the Notice specifying the other address) be given to that other Party at the address set out below:

7.2.1 Client:

[ADDRESS]

Attention: [CONTACT]

7.2.2 Guarantor:

[ADDRESS]

Attention: [CONTACT]

7.2.3 Contractor:

[ADDRESS]

Attention: [CONTACT]

7.3 Any Notice given by any Party shall be deemed to have been received:

7.3.1 if given by hand, at the time of day of actual delivery;

7.3.2 if posted, by 10am on the second Working Day following the Working Day on which it was despatched by first class recorded or special delivery mail postage prepaid; and

7.3.3 if sent by courier on the date and at the time that the courier's delivery receipt is signed,

provided that a Notice given in accordance with the above but received on a day which is not a Working Day or after normal business hours in the place of receipt shall be deemed to have been received on the next Working Day.

8 ASSIGNMENT

- 8.1 The Guarantor may not assign or transfer any rights under this Bond without the prior written consent of the Client.
- 8.2 The Client may assign or transfer all or any rights under this Bond at any time to any party:
- 8.2.1 to whom it assigns or transfers its rights under the Contract;
 - 8.2.2 who provides funding for the [Contract / Project];
 - 8.2.3 who acquires the Client's interest in the [Contract / Project]; or
 - 8.2.4 in which the Welsh Government has a controlling interest.

9 RIGHTS OF THIRD PARTIES

A person who is not a Party to this Bond shall have no rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any of its terms.

10 LAW AND JURISDICTION

- 10.1 This Bond, and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims), shall be governed by and construed in accordance with the law of England and Wales as it applies in Wales.
- 10.2 The Parties irrevocably agree that the courts of England and Wales sitting in Cardiff shall have exclusive jurisdiction (save where the Client directs that the High Court in London (or elsewhere) should have jurisdiction) to settle any disputes which may arise out of or in connection with this Bond and / or its subject matter or formation (including non-contractual disputes or claims).

This Bond has been executed as a deed and is delivered and takes effect on the date stated at the beginning of it.

[DN: Execution clauses to be inserted]

Appendix 7
The Parent Company Guarantee

Date: [•]

- (1) [CONTRACTOR] ("Contractor")
- (2) [GUARANTOR] ("Guarantor")
- (3) TRANSPORT FOR WALES / TRANSPORT FOR WALES RAIL LTD ("Client")

Parent Company Guarantee

relating to

[•]

BLAKE 
MORGAN

Blake Morgan LLP
One Central Square
Cardiff CF10 1FS
www.blakemorgan.co.uk

THIS AGREEMENT IS MADE THE [•] DAY OF [•] 20[•]

BETWEEN

- (1) [GUARANTOR] [(company number [•]) whose registered office is at] [whose trading address is at] (the "Guarantor"); and
- (2) [CONTRACTOR] [(company number [•]) whose registered office is at] [whose trading address is at] (the "Contractor"); and
- (3) [Transport for Wales, incorporated and registered in England and Wales with company number 09476013 whose registered office is at 3, Llys Cadwyn, Pontypridd, CF37 4TH or Transport for Wales Rail Ltd, incorporated and registered in England and Wales with company number 12619906 whose registered office is at 3, Llys Cadwyn, Pontypridd, CF37 4TH] (the "Client")

BACKGROUND

- (A) The Client has appointed the Contractor to carry out and complete the Works in relation to [•].
- (B) The Guarantor (the [immediate OR ultimate] parent company of the Contractor) has agreed to guarantee the Contractor's due performance of its duties or obligations under the Conditions of Contract.

CONSIDERATION

In consideration of the payment of £1 by the Client to the Guarantor, receipt of which the Guarantor acknowledges, the Guarantor has agreed to enter into this agreement with the Client.

AGREED TERMS

1 DEFINITIONS

- 1.1 The following definitions and rules of interpretation apply in this deed:

Conditions of Contract	an agreement in writing dated [•] and made between the Client and the Contractor under which the Contractor agreed to carry out and complete the Works.
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Insolvency Event	a party suffers an insolvency event if:
-------------------------	---

- (a) it suspends, or threatens to suspend, payment of its debts or is unable to pay its debts as they fall due or admits inability to pay its debts or is deemed unable to pay its debts within the meaning of section 123 of the Insolvency Act 1986;
- (b) it commences negotiations with all or any class of its creditors with a view to rescheduling any of its debts, or makes a proposal for or enters

into any compromise or arrangement with its creditors other than for the sole purpose of a scheme for a solvent amalgamation with one or more other companies or a solvent reconstruction;

- (c) a petition is filed, a notice is given, a resolution is passed, or an order is made, for or in connection with its winding up other than for the sole purpose of a scheme for a solvent amalgamation with one or more other companies or a solvent reconstruction;
- (d) an application is made to court, or an order is made, for the appointment of an administrator, or if a notice of intention to appoint an administrator is given or if an administrator is appointed, over it;
- (e) the holder of a qualifying floating charge over its assets has become entitled to appoint or has appointed an administrative receiver
- (f) a person becomes entitled to appoint a receiver over its assets or a receiver is appointed over its assets;
- (g) a creditor or encumbrancer of it attaches or takes possession of, or a distress, execution, sequestration or other such process is levied or enforced on or sued against, the whole or any part of its assets and such attachment or process is not discharged within fourteen (14) days;
- (h) any event occurs, or proceeding is taken, with respect to it in any jurisdiction to which it is subject that has an effect equivalent or similar to any of the events mentioned in (a) to (g) (inclusive); or
- (i) it suspends or ceases, or threatens to suspend or cease, carrying on all or a substantial part of its business.

Working Day

a day other than a Saturday or Sunday, or a public holiday in Wales.

Works

the carrying out and completion of the Works as set out in the Conditions of Contract and performed by or on

behalf of the Contractor under the Conditions of Contract.

- 1.2 Clause headings shall not affect the interpretation of this deed.
- 1.3 A person includes a natural person, corporate or unincorporated body (whether or not having separate legal personality) and that person's personal representatives, successors and permitted assigns.
- 1.4 A reference to a company shall include any company, corporation or other body corporate, wherever and however incorporated or established.
- 1.5 Unless the context otherwise requires, words in the singular shall include the plural and in the plural include the singular.
- 1.6 Unless the context otherwise requires, a reference to one gender shall include a reference to the other genders.
- 1.7 A reference to any party shall include that party's personal representatives, successors and permitted assigns.
- 1.8 A reference to a statute or statutory provision is a reference to it as amended, extended or re-enacted from time to time.
- 1.9 A reference to a statute or statutory provision shall include all subordinate legislation made from time to time under that statute or statutory provision.
- 1.10 Any obligation on a party not to do something includes an obligation not to agree that thing to be done.
- 1.11 A reference to this deed or to any other deed, agreement or document referred to in this deed is a reference to this deed or such other deed, agreement or document as varied or novated (in each case, other than in breach of the provisions of this deed) from time to time.
- 1.12 References to clauses are to the clauses of this deed.
- 1.13 Any words following the terms including, include, in particular, for example or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms.

2 GUARANTEE AND INDEMNITY

- 2.1 The Guarantor guarantees the due and punctual performance by the Contractor of the Contractor's duties and obligations to the Client under the Conditions of Contract.
- 2.2 If the Contractor fails to observe or perform any of its duties or obligations to the Client under the Conditions of Contract, or if the Contractor fails to pay any sum, loss, debt, damage, interest, cost or expense due from the Contractor to the Client under or in connection with the Conditions of Contract, the Guarantor (as a separate and independent obligation and liability from its obligations and liabilities under clause 2.1) shall indemnify the Client against all loss, debt, damage, interest, cost and expense incurred by the Client by reason of such failure or

non-payment and shall, on first written demand, pay to the Client, without any deduction or set-off, the amount of that loss, debt, damage, interest, cost and expense.

- 2.3 If the Contractor suffers an Insolvency Event or if the Client terminates the Contractor's appointment under the Conditions of Contract due to breach by the Contractor, the Guarantor shall indemnify the Client against all loss, debt, damage, interest, cost and expense incurred by the Client by reason of such Insolvency Event or termination and shall, on first written demand, pay to the Client without any deduction or set-off the amount of that loss, debt, damage, interest, cost and expense.

3 AMENDMENTS TO THE CONDITIONS OF CONTRACT

- 3.1 The Conditions of Contract may be modified, amended or supplemented in any way without the Guarantor's consent. The Guarantor's liability under this deed (which includes the Contractor's duties, obligations and liabilities under the Conditions of Contract as modified, amended or supplemented) shall not be affected by:

3.1.1 any such modification, amendment or supplement; or

3.1.2 any invalidity, avoidance or termination of the Conditions of Contract; or

3.1.3 any waiver, concession, allowance of time, compromise or forbearance given to, or made with, the Contractor. The terms of this deed shall apply to the terms of any such compromise as they apply to the Conditions of Contract.

4 CLIENT DOES NOT HAVE TO PURSUE CONTRACTOR

The Client does not have to pursue any remedy against the Contractor before proceeding against the Guarantor under this deed.

5 INSOLVENCY OF CONTRACTOR

Without affecting clause 2.3, if the Contractor suffers an Insolvency Event that shall not affect or reduce the Guarantor's liability under this deed.

6 PRIORITY OF CLAIMS AGAINST CONTRACTOR

As long as any liability incurred by the Contractor to the Client guaranteed under this deed remains unsatisfied, the Guarantor shall not, in respect of any payment made or liability arising under this deed, effect (or try to effect) any recovery from the Contractor, whether by receipt of money, set-off, proof of debt, enforcement of security or otherwise.

7 LIMIT OF LIABILITY

The Client may not recover any more under this deed in respect of any matter than the Client would be entitled to recover from the Contractor in respect of that matter, net of any set off. The Client may not start proceedings against the Guarantor under this deed in respect of any claim if any proceedings against the Contractor in respect of that claim would be statute-barred.

8 ASSIGNMENT

- 8.1 The Client may assign or charge the benefit of this deed to any person to whom the Client lawfully assigns or charges the benefit of the Conditions of Contract.
- 8.2 The Client shall notify the Guarantor of any assignment. If the Client fails to do this, the assignment shall still be valid.
- 8.3 The Guarantor shall not contend that any person to whom the benefit of this deed is assigned under clause 8.1 may not recover any sum under this deed because that person is an assignee and not a named party to this deed.
- 8.4 The Guarantor and the Contractor may not assign or charge the benefit of this deed without the Client's written consent

9 NOTICES

- 9.1 Any notice to be given under this agreement shall be in writing and shall be deemed to be given properly if it is delivered by hand, or sent by special or recorded delivery post to the address of the relevant party shown on page 1 or such other address as may be notified by a party to the other party from time to time.
- 9.2 If the notice is sent by special or recorded delivery post, it shall be deemed to be received two (2) Working Days after the day it was posted.
- 9.3 If the notice is delivered by hand, it shall be deemed to be received on the day it is delivered if it is delivered before 5.00 pm on a Working Day, failing which it is deemed received on the next Working Day.
- 9.4 A notice given under or in connection with this agreement is not valid if sent by email.
- 9.5 This clause does not apply to the service of any proceedings or other documents in any legal action or, where applicable, any arbitration or other method of dispute resolution.

10 THIRD PARTY RIGHTS

No one other than a party to this deed, their successors and permitted assignees, shall have any right to enforce any of its terms.

11 GOVERNING LAW AND JURISDICTION

- 11.1 This deed and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims) shall be governed by and construed in accordance with the law of England and Wales as it applies in Wales.
- 11.2 Each party irrevocably agrees that the courts of England and Wales sitting in Cardiff shall have exclusive jurisdiction (save where the Client directs that the High Court in London (or elsewhere) shall have jurisdiction) to settle any dispute or claim arising out of or in connection with this deed or its subject matter or formation (including non-contractual disputes or claims).

This Agreement has been executed as a deed and is delivered and takes effect on the date stated at the beginning of it.

[DN: Execution clauses to be inserted]

Appendix 8 - Trust Deed for Project Bank Account

Part A: Where the *Contractor* is the sole account holder

Trust Deed

This agreement is made between the *Client*, the *Contractor* and the Named Suppliers.

Terms in this deed have the meanings given to them in the contract between and for (the *works*).

Background

The *Client* and the *Contractor* have entered into a contract for the *works*.

The Named Suppliers have entered into contracts with the *Contractor* or a Subcontractor in connection with the *works*.

The *Contractor* has established a Project Bank Account to make provision for payment to the *Contractor* and the Named Suppliers.

Agreement

The parties to this deed agree that

- sums due to the *Contractor* and Named Suppliers and set out in the Authorisation are held in trust in the Project Bank Account by the *Contractor* for distribution to the *Contractor* and Named Suppliers in accordance with the banking arrangements applicable to the Project Bank Account,
- further Named Suppliers may be added as parties to this deed with the agreement of the *Client* and *Contractor*. The agreement of the *Client* and *Contractor* is treated as agreement by the Named Suppliers who are parties to this deed,
- this deed is subject to the law of the contract for the *works*,
- the benefits under this deed may not be assigned.

Executed as a deed on

by

. (*Client*)

. (*Contractor*)

.....
.....
.....
.....

(Named Suppliers)

Part B: Where the *Client* and the *Contractor* are joint account holders

Trust Deed

This agreement is made between the *Client*, the *Contractor* and the Named Suppliers.

Terms in this deed have the meanings given to them in the contract between and for (the *works*).

Background

The *Client* and the *Contractor* have entered into a contract for the *works*.

The Named Suppliers have entered into contracts with the *Contractor* or a Subcontractor in connection with the *works*.

The *Client* and the *Contractor* have established a Project Bank Account to make provision for payment to the *Contractor* and the Named Suppliers.

Agreement

The parties to this deed agree that

- sums due to the *Contractor* and Named Suppliers and set out in the Authorisation are held in trust in the Project Bank Account by the *Client* and the *Contractor* for distribution to the *Contractor* and Named Suppliers in accordance with the banking arrangements applicable to the Project Bank Account,
- further Named Suppliers may be added as parties to this deed with the agreement of the *Client* and *Contractor*. The agreement of the *Client* and *Contractor* is treated as agreement by the Named Suppliers who are parties to this deed,
- this deed is subject to the law of the contract for the *works*,
- the benefits under this deed may not be assigned.

Executed as a deed on

by

. (*Client*)

. (*Contractor*)

.

.

.....

.....

(Named Suppliers)

Appendix 9 - Joining Deed for Project Bank Account

Part A: Where the *Contractor* is the sole account holder

Joining Deed

This agreement is made between the *Client*, the *Contractor* and (the Additional Supplier).

Terms in this deed have the meanings given to them in the contract between and for (the *works*).

Background

The *Client* and the *Contractor* have entered into a contract for the *works*.

The Named Suppliers have entered into contracts with the *Contractor* or a Subcontractor in connection with the *works*.

The *Contractor* has established a Project Bank Account to make provision for payment to the *Contractor* and the Named Suppliers.

The *Client*, the *Contractor* and the Named Suppliers have entered into a deed as set out in Appendix 8 (the Trust Deed), and have agreed that the Additional Supplier may join that deed.

Agreement

The Parties to this deed agree that

- the Additional Supplier becomes a party to the Trust Deed from the date set out below,
- this deed is subject to the law of the contract for the *works*,
- the benefits under this deed may not be assigned.

Executed as a deed on

by

. (*Client*)

. (*Contractor*)

. (Additional Supplier)

Part B: Where the *Client* and the *Contractor* are joint account holders

Joining Deed

This agreement is made between the *Client*, the *Contractor* and (the Additional Supplier).

Terms in this deed have the meanings given to them in the contract between and for (the works).

Background

The *Client* and the *Contractor* have entered into a contract for the *works*.

The Named Suppliers have entered into contracts with the *Contractor* or a Subcontractor in connection with the *works*.

The *Client* and the *Contractor* have established a Project Bank Account to make provision for payment to the *Contractor* and the Named Suppliers.

The *Client*, the *Contractor* and the Named Suppliers have entered into a deed as set out in Appendix 8 (the Trust Deed), and have agreed that the Additional Supplier may join that deed.

Agreement

The Parties to this deed agree that

- the Additional Supplier becomes a party to the Trust Deed from the date set out below,
- this deed is subject to the law of the contract for the *works*,
- the benefits under this deed may not be assigned.

Executed as a deed on

by

. (*Client*)

. (*Contractor*)

. (Additional Supplier)

Appendix 10 – Advanced Payment Bond

Date: [●]

- (1) [CONTRACTOR] ("Contractor")
- (2) [GUARANTOR] ("Guarantor")
- (3) TRANSPORT FOR WALES / TRANSPORT FOR WALES RAIL LTD ("Client")

ADVANCED PAYMENT BOND relating to

The provision of [●] in connection with [●] Project

BLAKE 
MORGAN

Blake Morgan LLP
One Central Square
Cardiff CF10 1FS
www.blakemorgan.co.uk

THIS BOND IS MADE THE [•] DAY OF [•] 20[•]

BETWEEN

- (1) [Transport for Wales, incorporated and registered in England and Wales with company number 09476013 whose registered office is at 3, Llys Cadwyn, Pontypridd, CF37 4TH or Transport for Wales Rail Ltd, incorporated and registered in England and Wales with company number 12619906 whose registered office is at 3, Llys Cadwyn, Pontypridd, CF37 4TH (the "Client");
- (2) [CONTRACTOR] incorporated and registered in England and Wales with company number [COMPANY NUMBER] whose registered office is at [REGISTERED OFFICE ADDRESS] ("Contractor"); and
- (3) [GUARANTOR] incorporated and registered in England and Wales with company number [COMPANY NUMBER] whose registered office is at [REGISTERED OFFICE ADDRESS] ("Guarantor").

BACKGROUND

- (A) The Client has or is about to enter into a contract, reference [REFERENCE], [dated [DATE]] with the Contractor for [DETAILS OF WORKS] ("Contract") and that the Client will pay the Contractor an advance payment in accordance with the Contract of £[SUM] ("Advance Payment"). You require a bond for the Advance Payment.
- (B) Pursuant to the Contract, the Contractor is required to procure a bond in the form of this Bond to be provided by the Guarantor to the Client for the Advance Payment.
- (C) On demand advance payment bond No: [NUMBER] dated [DATE].

AGREED TERMS

1. In consideration of the Client entering into the Contract and paying the Contractor the Advance Payment, the Guarantor guarantees to pay, as primary obligor, to the Client within five (5) Working Days of receipt of the Client's first written demand and waiving all rights of objection and defence and without reference to the Contractor a sum or sums not exceeding in aggregate the Advance Payment provided that the Client's demand:
 - 1.1 complies with the provisions of this bond; and
 - 1.2 shall not exceed the Advance Payment less any sum as certified to the Guarantor, by the Client, in writing:
 - (a) previously paid by the Guarantor to the Client under this bond; or
 - (b) reimbursed or repaid by the Contractor to the Client under the Contract (including, without limitation, reimbursed or repaid by deduction from a sum otherwise due to the Contractor from the Client).

2. Expiry

2.1 In this bond, **Expiry** means the earliest of:

- (a) close of normal banking hours at this office on [LONG-STOP DATE];
- (b) the repayment of the Advance Payment by the Contractor or by the Guarantor to the Client as certified to the Guarantor, by the Client, in writing;
- (c) the Advance Payment reducing to zero in accordance with the Contract as certified to the Guarantor, by the Client, in writing.

2.2 On Expiry, this bond shall expire and become null and void, whether returned to the Guarantor for cancellation or not, and any demand received after Expiry shall be ineffective.

3. Demand

3.1 The Client's demand under this bond must be received by the Guarantor before Expiry and must be in the form of a statement signed by the Client that:

- (a) the Contractor has failed to perform the Contract in accordance with its terms and conditions (including, without limitation, any failure to repay the Advance Payment in accordance with the Contract) or the Contractor is Insolvent (as defined in the Contract);
- (b) specifies the sum paid by the Contractor or by the Guarantor as referred to in paragraph 1.2, even if that sum is zero; and
- (c) specifies the sum claimed.

3.2 The Guarantor shall accept such demand as evidence, for the purposes of this bond alone, that the sum claimed is due to the Client under this bond.

4. Notice

4.1 Each demand, notice or other communication ("Notice") to be given under this bond shall be given in writing in English and shall be delivered by hand or post. For the avoidance of doubt Notice shall not be validly served by e-mail.

4.2 Any Notice to be given by one party to another under this bond shall (unless one party has specified another address to the other party, such address to take effect on five (5) Working Days after receipt or deemed receipt of the Notice specifying the other address) be given to that other party at the address set out below:

Client:

[ADDRESS]

Attention: [CONTACT]

Guarantor:

[ADDRESS]

Attention: [CONTACT]

Contractor:

[ADDRESS]

Attention: [CONTACT]

4.3 Any Notice given by any party shall be deemed to have been received:

- (a) if given by hand, at the time of day of actual delivery;
- (b) if posted, by 10am on the second Working Day following the Working Day on which it was despatched by first class recorded or special delivery mail postage prepaid; and
- (c) if sent by courier on the date and at the time that the courier's delivery receipt is signed,

provided that a Notice given in accordance with the above but received on a day which is not a Working Day or after normal business hours in the place of receipt shall be deemed to have been received on the next Working Day.

5. Assignment

- 5.1 The Guarantor may not assign or transfer any rights under this bond without the prior written consent of the Client.
- 5.2 The Client may assign or transfer all or any rights under this bond at any time to any party:
 - (a) to whom it assigns or transfers its rights under the Contract;
 - (b) who provides funding for the Contract;
 - (c) who acquires the Client's interest in the Contract; or
 - (d) in which the Welsh Government has a controlling interest.

6. Variation to the Contract

- 6.1 The Contract may be modified, amended or supplemented in any way without the consent of the Guarantor.
- 6.2 The Guarantor's liability under this bond shall remain in full force and effect and shall not be affected or discharged by any act, omission, waiver, matter or thing including, without limitation:

- (a) the liquidation, dissolution or Insolvency of the Contractor;
- (b) invalidity, avoidance or termination of the Contract;
- (c) any alteration of the terms, conditions or provisions of the Contract;
- (d) the extent or nature of the Contract; or
- (e) any extension of time under the Contract,

which but for this provision might operate to release or otherwise exonerate the Guarantor under this bond in whole or in part.

- 7. The Client and the Guarantor both agree that this bond does not give rise to any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this bond.
- 8. This bond and any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with it or its subject matter or formation shall be governed by and construed in accordance with the law of England and Wales as it applies in Wales.
- 9. The Client and the Guarantor both irrevocably agree that the courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with this bond or its subject matter or formation.

This Bond has been executed as a deed and is delivered and takes effect on the date stated at the beginning of it.

[DN: Execution clauses to be inserted]



TRAFNIDIAETH CYMRU
TRANSPORT FOR WALES

TfW Subcontract Procurement - Pro Forma

**Contract
Reference**

**Name of
Contractor**

**Brief
Description of
Scope**

1 Level of Spend

Emergency
Procurement

☐

Note: Emergency / time critical procurement event

£0 to £25,000

☐

Note: Minimum of three tenderers required (via Sell2Wales) if works are valued within this level of spend

> £25,000

☐

Note: Open Tender required (via Sell2Wales) for works valued within this level of spend

2 Tender

Number of
returns

Tenderer Score
(£ or %)

Note: £ or % dependent upon method of scoring

Tenderer 1

Tenderer 2	<input type="checkbox"/>
Tenderer 3	<input type="checkbox"/>
Tenderer 4	<input type="checkbox"/>
Tenderer 5	<input type="checkbox"/>
Preferred tenderer	<input type="text"/>
Award Criteria	<input type="text"/> <hr/> <input type="text"/> <hr/> <input type="text"/>

3 Contract

Form of Contract	
Option A	<input type="checkbox"/>
Option C	<input type="checkbox"/>
Option E	<input type="checkbox"/>
Other	<input type="checkbox"/>
	<input type="text"/>

Contract option
selection
rationale

Please list all
significant
amendments to
standard terms
& conditions

Clause No.	Amendment

4 Commercial

Contract Sum /
Total of the
Prices

--

Is Subcontract
activity included
in the latest
forecast

Y	N

Please provide
details and
anticipated
expenditure
profile

--

5 Risk

Please identify risks retained by TfW / Contractor over and above the Client risks set out in the subcontract conditions and provide details of mitigation measures. Provide details of stipulations that may expose TfW / IDP to additional risk

6 Appendices

Please ensure the following appendices are attached with this form:

Subcontract
Assumptions

Copy of Subcontract
Tender
Documentation/
Assessment

7 Reasons for not accepting

A reason for not accepting the Subcontractor is that:

- The appointment will not allow the Contractor to Provide the Works or;
- The Client is concerned (on reasonable grounds) about:
 - The financial standing or expertise or experience or insurance cover of the proposed Subcontractor or
 - Any breach of contract, negligence, late, incomplete or defective services or failure to rectify the same by the proposed Subcontractor in relation to any work previously performed (whether as a consultant or subcontractor) for the Client or
 - The Client requires a collateral warranty and the Subcontractor is unable to provide a collateral warranty to the Client in a form which is acceptable to the Client.

A reason for not accepting the subcontract documents is that:

- Their use will not allow the Contractor to Provide the Works or
- They do not include a statement that the parties to the subcontract act in a spirit of mutual trust and co-operation or
- they are inconsistent with the requirements of this contract or
- they limit rights under any collateral warranty or third party rights to be provided by the subcontractor to a greater extent than the rights under this contract in relation to the relevant subcontracted service or
- they do not represent best value or open market or competitively tendered prices or
- they are inconsistent with the requirements of this contract or the policies of the Client or the Welsh Government

8 Acceptance (to be completed by TfW)

1 Name
 Signature

2 Name
 Signature

Appendix 12– Vesting Agreement

AGREEMENT FOR VESTING AND INDEMNITY CERTIFICATE

This agreement is dated day of 20

Parties:

- (1) **Transport for Wales**, incorporated and registered in England and Wales with company number 09476013 whose registered office is at 3, Llys Cadwyn, Pontypridd, CF37 4TH or **Transport for Wales Rail Ltd**, incorporated and registered in England and Wales with company number 12619906 whose registered office is at 3, Llys Cadwyn, Pontypridd, CF37 4TH (the "**Client**") which term includes its successors in the exercise of its statutory functions, successors in title and permitted assignees; and
- (2) **CONTRACTOR**, incorporated and registered in England and Wales with company number [x] whose registered office is at [x] (the "**Contractor**").

RECITALS

- (A) In accordance with a contract dated [x] between the Client and the Contractor ("the Contract"), the Client has engaged the Contractor to carry out the Works [describe the Project and the Site] as set out in the Contract ("the Works").
- (B) Under the Contract the Client authorises the Contractor to [insert details of why vesting agreement is required e.g. order certain materials].
- (C) The Parties have agreed to enter this Vesting Agreement in advance of any payment made for the [x].

Definitions:

Except where defined below, the definitions and rules of interpretation that apply to this agreement shall be as set out in the Contract.

"Listed Items": the items set out in the Schedule of Listed Items annexed to this agreement.

"[Insert additional definitions if required]"

Conditions:

In consideration of the payment of £1 to the Contractor, receipt of which the Contractor hereby acknowledges, the Contractor agrees to enter into this agreement with the Client.

1. Prior to their delivery to the Site the Contractor has applied for payment in relation to the Listed Items under the Contract.
2. The Contractor warrants and undertake that the Listed Items:
 - a) are intended to be incorporated in the Project;

- b) shall be in accordance with the Contract (and in the event that they are not in accordance with the Contract, acknowledge that the Client may reject them and instruct that they shall immediately re-vest in the Contractor and be entirely at the Contractor's risk);
 - c) are at the Contractor's premises and are clearly identified that they are:
 - (i) held to the order of the Client;
 - (ii) to be delivered to (or adjacent to) the Site;
 - d) are set apart;
 - e) have been clearly and visibly marked, individually or in sets, by letters figures or pre-determined code or in such other manner agreed between the Contractor and Client, in a way that such marks will remain legible until they are delivered to (or adjacent to) the Site;
 - f) will be stored to the Client's satisfaction and in accordance with the manufacturer's instructions;
 - g) will be delivered to (or adjacent to) the Site to suit the agreed programme for the Project and will be safely and securely stored;
 - h) may be inspected at any reasonable time by the Client and/or the Client's servants or agents; and
 - i) in the event of the termination of employment under the Contract for any reason (including, without limitation, our respective insolvency and/or breach of contract), the Contractor shall, at their own cost, deliver them to (or adjacent to) the Site or to an alternative location for the purposes of storage, as instructed by the Client. If the Contractor fails to promptly perform that delivery, the Client may enter any premises and, at the Contractor's cost, collect them and take them to (or adjacent to) the Site or to any location for the purposes of storage.
3. The Contractor warrants and undertakes that the Listed Items are its absolute and unencumbered property. However, on payment by the Client to the Contractor in accordance with the Contract under which the Listed Items are included, the Contractor hereby agrees that the property in the Listed Items shall immediately pass unconditionally, absolutely and unencumbered to the Client. At that time, the Contractor and their respective sub-contractors, suppliers, servants and agents and any other third party shall have no property in any part or all of the Listed Items, no claim to part or all of them and no lien or charge over part or all of them. The Contractor shall take all necessary steps to bring to the notice of any third party who claims the right of custody, possession or ownership of the Listed Items that they are the property of the Client.
4. The Contractor acknowledges that the risk of loss and damage to the Listed Items remains with the Contractor.

5. The Contractor warrants and undertakes that the Listed Items are and will continue to be insured against loss or damage from any cause for their full replacement value under a policy of insurance protecting the interests of the Client and the Contractor and shall provide evidence to the Client that such insurance is in place on the date of this agreement and at any time thereafter when reasonably requested by the Client.
6. The Contractor hereby agrees to indemnify and hold harmless the Client against all costs, claims, demands, losses and expenses of whatsoever nature arising from any breach or non-observance by the Contractor of any of the terms in this agreement and whilst the Listed Items are in its possession and/or at the Site.
7. The Client may assign the benefit of this agreement to a third party at the same time as the benefit of the Contract is assigned or novated to that third party.
8. Any person who is not a party to this agreement shall not have any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this agreement provided always that this shall not affect any right or remedy of a third party which exists or is available apart from this Act.
9. This agreement is without prejudice to the terms of the Contract which shall continue to be binding and of full effect and shall not be amended waived or affected by this agreement, except that in the event of any discrepancy in or difference between this agreement and the Contract this agreement shall prevail.
10. This agreement shall be governed by and construed in accordance with English and Welsh law as it is applied in England and all disputes and/or differences in connection with this agreement shall be subject to the exclusive jurisdiction of the English and Welsh Courts.

This agreement shall take effect on the date stated at the beginning of it.

[DN: Execution clauses to be inserted]

SCHEDULE OF LISTED ITEMS:

Item Description	Details [DN: value, amount, specifics]

Appendix 13 – Contractor Consultant Warranty

Date: [•]

- (1) [CONSULTANT] ("Consultant")
- (2) [CONTRACTOR] ("Contractor")
- (3) TRANSPORT FOR WALES / TRANSPORT FOR WALES RAIL LTD ("Client") OR [BENEFICIARY] ("Beneficiary")

Collateral Warranty: Consultant to [Client] / [Funder / Welsh Government / Tenant / Purchaser / Other Beneficiary]

relating to

[PROJECT NAME]

BLAKE 
MORGAN

Blake Morgan LLP
One Central Square
Cardiff CF10 1FS
www.blakemorgan.co.uk

THIS DEED IS MADE THE [•] DAY OF [•] 20[•]

BETWEEN

- (1) [CONSULTANT] incorporated and registered in England and Wales with company number [COMPANY NUMBER] whose registered office is at [REGISTERED OFFICE ADDRESS] ("Consultant"); and
- (2) [CONTRACTOR] incorporated and registered in England and Wales with company number [COMPANY NUMBER] whose registered office is at [REGISTERED OFFICE ADDRESS] ("Contractor"). and
- (3) [Transport for Wales, incorporated and registered in England and Wales with company number 09476013 whose registered office is at 3, Llys Cadwyn, Pontypridd, CF37 4TH or Transport for Wales Rail Ltd, incorporated and registered in England and Wales with company number 12619906 whose registered office is at 3, Llys Cadwyn, Pontypridd, CF37 4TH] (the "Client")

OR

[BENEFICIARY] incorporated and registered in England and Wales with company number [COMPANY NUMBER] whose registered office is at [REGISTERED OFFICE ADDRESS] ("Beneficiary")]

BACKGROUND

- (A) The Contractor has engaged the Consultant to carry out the [describe the nature of the services / works] in relation to the Project.
- (B) The Beneficiary, as [insert interest], has an interest in the Project.
- (C) The Contractor requires the Consultant to enter into a collateral warranty in favour of the [Client / Beneficiary].
- (D) The Consultant has agreed to enter into this Deed with the [Beneficiary and / or Client] for the benefit of the [Client / Beneficiary].

CONSIDERATION

In consideration of the payment of £1 by the [Client / Beneficiary] to the Consultant receipt of which the Consultant acknowledges, the Consultant has agreed to enter into this deed with the [Client / Beneficiary]

AGREED TERMS

1 DEFINITIONS

- 1.1 In this Deed unless otherwise stated defined terms shall have the same meaning ascribed to them as in the Contract. The following terms have the following meanings:

Appointment	The agreement in writing between the Contractor and Consultant dated [●] under which the Consultant is to carry out and complete the Consultant Services.
Completion	occurs when the <i>Project Manager</i> certifies completion of the Works under the Contract.
Consultant Services	The services and or works relating to the Works which the Consultant is to perform under the Appointment.
Contract	the Conditions of Contract dated [●] between the Client and the Contractor in respect of the Project.
Deleterious Materials	<p>any products or materials which are generally known within the construction industry to be deleterious at the time of specification or approval in the particular circumstances in which they are to be used, or those identified as potentially hazardous in or not in conformity with:</p> <ul style="list-style-type: none"> (a) Section 2 of the British Council for Offices / British Property Federation report entitled "Good Practice in the Selection of Construction Materials" (current at the time of specification, authorisation or use); (b) relevant International Standards, British Standards or European Standards or Codes of Practice and general good building and engineering practice; (c) any publications of the Building Research Establishment related to the specification of products or materials; or (d) the Standards (if the Standards are applicable to the Works), all Applicable Law, statutory requirements, the Sustainable Development Plan and the instructions of the Client.
Funder	the person that has provided, or is to provide, finance in connection with: (a) the whole or any part of the Project or the completed Project; or (b) the whole or any part of the Site, whether that person acts on its own account, as agent for a syndicate of other parties or otherwise.

Intellectual Property

all intellectual and industrial property rights of any kind including (without limitation) patents, supplementary protection certificates, rights in Know-How, registered trademarks, registered designs, unregistered design rights, unregistered trademarks, rights to prevent passing off or unfair competition and copyright (whether in drawings, plans, specifications, designs and computer software or otherwise), database rights, topography rights, any rights in any invention, discovery or process, and applications for and rights to apply for any of the foregoing, in each case in the United Kingdom and all other countries in the world and together with all renewals, extensions, continuations, divisions, reissues, re-examinations and substitutions.

Materials

all the designs, drawings, models, plans, specifications, design details, photographs, brochures, reports, notes of meetings, CAD materials, calculations, data, databases, schedules, programmes, bills of quantities, budgets and any other materials and all updates, amendments, additions and revisions to them and any works, designs or inventions incorporated or referred to in them, prepared or to be prepared by or on behalf of the Consultant in connection with the Works.

Party

a party to this Deed.

Permitted Uses

the design, construction, completion, reconstruction, modification, refurbishment, development, maintenance, facilities management, funding, disposal, letting, fitting-out, advertisement, decommissioning, demolition, reinstatement, extension [(but not to reproduce the designs contained in the Material in any such extension)] building information modelling and repair of the Project.

Project

[TBC]

Site

[TBC]

Standard of Care

the degree of skill and care, diligence, prudence and foresight which would reasonably and ordinarily be expected of a skilled and experienced consultant engaged in the design and/or specification of works of a similar nature, scope, value and complexity to the Consultant Services and under the same or similar circumstances, where such consultant is seeking to comply with its contractual obligations and all Applicable Law.

Working Day	a day other than a Saturday or Sunday, or a public holiday in Wales.
Works	the <i>works</i> provided by the Contractor in accordance with the Contract.

2 CONSULTANT'S OBLIGATIONS

- 2.1 The Consultant warrants to the [Client / Beneficiary] that:
- 2.1.1 it has complied, and shall continue to comply, with its obligations under the Appointment;
 - 2.1.2 it has executed, and shall continue to execute, the Consultant Services in a good and workmanlike manner;
 - 2.1.3 it has exercised and shall continue to exercise the Standard of Care when:
 - (a) carrying out design in respect of the Project; and
 - (b) selecting goods, materials, plant and equipment for incorporation in the Project; and
 - 2.1.4 has not and will not specify or use Deleterious Materials in the Project.
- 2.2 The Consultant recognises that the [Client / Beneficiary] has relied on or will rely upon the Consultant's skill and care and on the full and proper performance of the Consultant's obligations under the Appointment.
- 2.3 In proceedings for breach of this clause Appendix 52, the Consultant may:
- 2.3.1 rely on any limit of liability or other term of the Appointment; and
 - 2.3.2 raise equivalent rights of defence as it would have had if the [Client / Beneficiary] had been named as a joint Client, with the Contractor, under the Appointment (for this purpose not taking into account any set-off or counterclaim against the Contractor under the contract).
- 2.4 The Consultant's duties or liabilities under this Deed shall not be negated or diminished by any:
- 2.4.1 approval or inspection of any designs or specifications for the Consultant Services; or
 - 2.4.2 testing of any work, goods, materials, plant or equipment; or
 - 2.4.3 omission to approve, inspect or test,
- by or on behalf of the [Client / Beneficiary] or the Contractor.
- 2.5 This Deed shall not negate or diminish any other liability or obligation otherwise owed to the [Client / Beneficiary] by the Consultant.

- 2.6 The Consultant acknowledges that no amendment to or variation to the Appointment nor any waiver, release, settlement or estoppels in respect of any of the Consultant's obligations under the Appointment shall in any way affect the Consultant's obligations to the [Client / Beneficiary] pursuant to this Deed except in circumstances where the [Client / Beneficiary] has given its prior written consent to such amendment, variation, waiver, release, settlement or estoppel.

3 STEP-IN RIGHTS: CONSULTANT MAY NOT TERMINATE OR DISCONTINUE

- 3.1 The Consultant shall not exercise, or seek to exercise, any right to:

3.1.1 terminate its employment under the Appointment or

3.1.2 discontinue performance of the Consultant Services

for any reason (including any breach on the part of the Contractor) without giving the [Client / Beneficiary] at least twenty (20) Working Days' written notice of its intention to do so. Any notice from the Consultant shall specify the grounds for the Consultant's proposed termination or discontinuance.

- 3.2 If the Appointment allows the Consultant a shorter notice period for the exercise of a right referred to in clause Appendix 53.1, the notice period in the Appointment shall be extended to take account of the notice period required under clause Appendix 53.1.

- 3.3 The Consultant's right to terminate its employment under the Appointment, or to discontinue performance of the Consultant Services shall cease if, within the period referred to in clause Appendix 53.1, the [Client / Beneficiary] gives notice to the Consultant, copied to the Contractor;

3.3.1 requiring the Consultant not to terminate its employment or not to discontinue performance of the Consultant Services under the Appointment;

3.3.2 acknowledging that the [Client / Beneficiary] (or its nominee) will assume all the Contractor's obligations under the Appointment; and

3.3.3 undertaking that the [Client / Beneficiary] or its nominee will pay to the Consultant:

(a) any sums due and payable to the Consultant under the Appointment in future; and

(b) any sums then due and payable to the Consultant under the Appointment that are unpaid.

- 3.4 If the [Client / Beneficiary] (or its nominee) serves notice on the Consultant under clause Appendix 53.3, then, from the date of service of the notice, the Appointment shall continue in full force and effect, as if it had been entered into between the Consultant and the [Client / Beneficiary] (to the exclusion of the Contractor).

- 3.5 In complying with this clause Appendix 53, the Consultant:

3.5.1 does not waive any breach of the Appointment or default under by the Contractor; and

3.5.2 may exercise its right to terminate its employment under the Appointment, or discontinue performance of the Consultant Services, after the expiry of the notice period referred to in clause Appendix 53.1, unless the Consultant's right to terminate or discontinue has ceased under clause Appendix 53.3.

4 STEP-IN RIGHTS: [CLIENT / BENEFICIARY] MAY STEP-IN

4.1 Without affecting clause Appendix 53.1, if the [Client / Beneficiary] serves a notice on the Consultant, copied to the Contractor, that:

4.1.1 confirms that the [Client / Beneficiary] wishes to step-in to the Appointment; and

4.1.2 complies with the requirements for an [Client's / Beneficiary's] notice under clause Appendix 53.3,

then, from the date of service of the notice,

4.1.3 the Appointment shall continue in full force and effect, as if it had been entered into between the Consultant and the [Client / Beneficiary] (or its nominee), to the exclusion of the Contractor;

4.1.4 The parties shall take all steps and do all things as necessary to give effect to this clause Appendix 54.1 including as may be necessary entering into an amended and re-stated Appointment as a stand-alone document.

4.2 The Consultant shall assume that, between the Contractor and the [Client / Beneficiary], the [Client / Beneficiary] may give a notice under clause Appendix 54.1. The Consultant shall not enquire whether the [Client / Beneficiary] may give that notice.

4.3 In complying with this clause Appendix 54 the Consultant does not waive any breach of the Appointment or default under the contract.

5 STEP-IN RIGHTS: CONSULTANT POSITION AND CONTRACTOR'S CONSENT

5.1 The Consultant shall not incur any liability to the Contractor by acting in accordance with clause Appendix 53 or clause Appendix 54.

5.2 The Contractor has entered into this Deed to confirm its consent to the agreement.

6 STEP-IN RIGHTS: [CLIENT'S / BENEFICIARY'S] GUARANTEE

If an [Client's / Beneficiary's] notice under clause Appendix 53 or clause Appendix 54 refers to the [Client's / Beneficiary's] nominee, the [Client / Beneficiary] shall be liable to the Consultant, as guarantor, for the payment of any sums due and payable from time to time to the Consultant from the [Client's / Beneficiary's] nominee.

7 NO INSTRUCTIONS TO CONSULTANT BY [CLIENT / BENEFICIARY]

Unless the [Client / Beneficiary] has stepped-in under clause Appendix 53 or clause Appendix 54, the [Client / Beneficiary] may not give instructions to the Consultant under this Deed.

8 PRIORITY OF STEP-IN

Where the Contractor has given rights in relation to the contract similar to those contained in this Deed to any other person then if both the [Client / Beneficiary] and any such other person serve notice under clause Appendix 53 or clause Appendix 54, the notice served by the [Client / Beneficiary] shall prevail.

9 INTELLECTUAL PROPERTY

- 9.1 The Consultant grants to the [Client / Beneficiary], with immediate effect, an irrevocable, non-exclusive, non-terminable, royalty-free licence to copy and make full use of any Material and any Intellectual Property contained in the Material prepared by, or on behalf of, the Consultant for any purpose relating to the Project, including any of the Permitted Uses.
- 9.2 This licence carries the right to grant sub-licences and is transferable to third parties without the consent of the Consultant.
- 9.3 The Consultant shall not be liable for use of the Material for any purpose other than that for which it was prepared and / or provided.
- 9.4 The [Client / Beneficiary] may request a copy (or copies) of some or all of the Material from the Consultant. On the [Client's / Beneficiary's] payment of the Consultant's reasonable charges for providing the copy (or copies), the Consultant shall provide the copy (or copies) to the [Client / Beneficiary].
- 9.5 In respect of any Material prepared by, or on behalf of, the Consultant (and which is being used for the purposes for which it was provided) the Consultant shall indemnify the [Client / Beneficiary] from and against all claims, proceedings, damages, costs and expenses which may be brought or made against the [Client / Beneficiary] or to which the [Client / Beneficiary] may be put by reason of any infringement of such Material (or the rights or titles therein) or by reason of such infringement having been held to have taken place.

10 PROFESSIONAL INDEMNITY INSURANCE

- 10.1 The Consultant shall maintain professional indemnity insurance at the Consultant's cost for an amount of at least £[INSERT SUM]m for any one occurrence or series of occurrences arising out of any one event [(and in respect of pollution and contamination an amount of at least £[INSERT SUM] in the annual aggregate and in respect of asbestos an amount of at least £[INSERT SUM] in the annual aggregate)] for a period beginning on the date of this Deed and ending 12 years after Completion, provided that such insurance is available at commercially reasonable rates. The Consultant shall maintain that professional indemnity insurance:
- 10.1.1 with reputable insurers lawfully carrying on insurance business in the UK;
- 10.1.2 on customary and usual terms and conditions prevailing for the time being in the insurance market; and
- 10.1.3 on terms that:
- (a) do not require the Consultant to discharge any liability before being entitled to recover from the insurers; and

- (b) would not adversely affect the rights of any person to recover from the insurers under the Third Parties (Rights Against Insurers) Act 2010.
- 10.2 Any increased or additional premium required by insurers because of the Consultant's claims record or other acts, omissions, matters or things particular to the Consultant shall be deemed to be within commercially reasonable rates.
- 10.3 The Consultant shall not, without the [Client's / Beneficiary's] written consent, by any act or omission lose or affect the Consultant's right to make, or proceed with, that claim against the insurers.
- 10.4 The Consultant shall immediately inform the [Client / Beneficiary] if the Consultant's required professional indemnity insurance ceases to be available at commercially reasonable rates, so that the Consultant and the [Client / Beneficiary] can discuss how best to protect the respective positions of the [Client / Beneficiary] and the Consultant regarding the Project and / or the Site without that insurance.
- 10.5 The Consultant shall fully co-operate with any measures reasonably required by the [Client / Beneficiary], including:
- 10.5.1 completing any proposals for insurance and associated documents; or
- 10.5.2 maintaining insurance at rates above commercially reasonable rates, if the [Client / Beneficiary] reimburses the Consultant for the net cost of that insurance above commercially reasonable rates.
- 10.6 Whenever the [Client / Beneficiary] reasonably requests, the Consultant shall send the [Client / Beneficiary] evidence that the Consultant's professional indemnity insurance is in force, including, if required by the [Client / Beneficiary], an original letter from the Consultant's insurers or brokers confirming:
- 10.6.1 the Consultant's then current professional indemnity insurance; and
- 10.6.2 that the premiums for that insurance have been paid in full at the date of that letter.
- 11 LIABILITY PERIOD**
- The [Client / Beneficiary] may not commence any legal action against the Consultant under this Deed after 12 years from the date of Completion.
- 12 ASSIGNMENT**
- 12.1 The Consultant may not assign or transfer any rights under this Deed without the prior written consent of the [Client / Beneficiary].
- 12.2 The [Client / Beneficiary] may assign the benefit of this Deed:
- 12.2.1 on two occasions to any person; and
- 12.2.2 without counting as an assignment under clause Appendix 512.2.1;

- 12.2.3 by way of security to a Funder (including any reassignment on redemption of security); or
- 12.2.4 to and from a subsidiary or other associated companies within the same group of companies as the [Client / Beneficiary] so long as that assignee company remains within the same group of companies as the [Client / Beneficiary].

13 NOTICES

- 13.1 Each notice or other communication ("Notice") to be given under this Deed shall be given in writing in English and shall be delivered by hand or post. For the avoidance of doubt Notice shall not be validly served by e-mail.
- 13.2 Any Notice to be given by one Party to another under this Deed shall (unless one Party has specified another address to the other Party, such address to take effect on five (5) Working Days after receipt or deemed receipt of the Notice specifying the other address) be given to that other Party at the address set out below:

13.2.1 [Client / Beneficiary]:

[ADDRESS]

Attention: [CONTACT]

13.2.2 Consultant:

[ADDRESS]

Attention: [CONTACT]

13.2.3 Contractor:

[ADDRESS]

Attention: [CONTACT]

13.3 Any Notice given by any Party shall be deemed to have been received:

- 13.3.1 if given by hand, at the time of day of actual delivery;
- 13.3.2 if posted, by 10am on the second Working Day following the Working Day on which it was despatched by first class recorded or special delivery mail postage prepaid; and
- 13.3.3 if sent by courier on the date and at the time that the courier's delivery receipt is signed,

provided that a Notice given in accordance with the above but received on a day which is not a Working Day or after normal business hours in the place of receipt shall be deemed to have been received on the next Working Day.

14 THIRD PARTY RIGHTS

A person who is not a Party to this Deed shall have no rights under the Contract (Rights of Third Parties) Act 1999 to enforce any of its terms.

15 GOVERNING LAW AND JURISDICTION

15.1 This Deed, and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims), shall be governed by and construed in accordance with the law of England and Wales as it applies in Wales.

15.2 The Parties irrevocably agree that the courts of England and Wales sitting in Cardiff shall have exclusive jurisdiction (save where the Client directs that the High Court in London (or elsewhere) should have jurisdiction) to settle any disputes which may arise out of or in connection with this Deed and / or its subject matter or formation (including non-contractual disputes or claims).

This collateral warranty has been executed as a deed and is delivered and takes effect on the date stated at the beginning of it.

[DN: Execution clauses to be inserted]

Appendix 14 - Novation Agreement

THIS DEED IS DATED [DATE]

PARTIES

- (1) [Transport for Wales, incorporated and registered in England and Wales with company number 09476013 whose registered office is at 3, Llys Cadwyn, Pontypridd, CF37 4TH or Transport for Wales Rail Ltd, incorporated and registered in England and Wales with company number 12619906 whose registered office is at 3, Llys Cadwyn, Pontypridd, CF37 4TH (the "Client");
- (2) [INSERT NAME OF CONTRACTOR] (Company Number [INSERT NUMBER]), whose registered office is at [INSERT REGISTERED ADDRESS] (the "Contractor"); and
- (3) [INSERT NAME OF [CONSULTANT / SUBCONTRACTOR]] (Company Number [INSERT NUMBER]), whose registered office is at [INSERT REGISTERED ADDRESS] (the "[Consultant / Subcontractor]"). [DN: Could be used by a Consultant or a Subcontractor with design liability.]

BACKGROUND

- (A) The Client appointed the Contractor pursuant to the Contract to (amongst other things) carry out and complete the Works in connection with the Project.
- (B) The Client appointed the [Consultant / Subcontractor] pursuant to the [Subcontract / Appointment] to perform the [Works/Services] in connection with the Project.
- (C) The Parties have agreed to novate the [Appointment /Subcontract] from the Client and the [Consultant / Subcontractor] to the Contractor and the [Consultant / Subcontractor] on the terms of this Deed.

AGREED TERMS

1 DEFINITIONS

- 1.1 In this Deed the following words shall have the following meanings:

[Subcontract / Appointment] an agreement in writing dated [DATE] between the [Consultant / Subcontractor] and the Client as [varied by [•] and] novated to the Contractor under this Deed

Deed this novation agreement

[Works / Services] [the works referred to in the [Subcontract / Appointment] performed by or on behalf of the [Consultant / Subcontractor] pursuant to the [Subcontract/ Appointment]]

OR

[the services referred to in the [Subcontract / Appointment] performed by or on behalf of the [Consultant / Subcontractor] pursuant to the [Subcontract/ Appointment]].

Contract an agreement in writing dated [DATE] between the Contractor and the Client, as varied

Party a party to this Deed

Project has the meaning given to it in the [Subcontract / Appointment]

2 NOVATION OF [SUBCONTRACT / APPOINTMENT]

This Deed novates the [Subcontract / Appointment] from the Client and the [Consultant / Subcontractor] to the Contractor and the [Consultant / Subcontractor].

3 RELEASE OF [CONSULTANT / SUBCONTRACTOR]

[Subject to clause 12,] the [Consultant / Subcontractor] shall no longer owe any duty or obligation to the Client in respect of the [Appointment / Subcontract].

4 RELEASE OF CLIENT

The Client shall no longer owe any duty or obligation to the [Consultant / Subcontractor] in respect of the [Appointment / Subcontract].

5 BINDING OF [CONSULTANT / SUBCONTRACTOR] TO THE CONTRACTOR

5.1 The [Consultant / Subcontractor] binds itself to the Contractor under the [Appointment / Subcontract] as if the Contractor was, and always had been, named in the [Appointment / Subcontract] in place of the Client.

5.2 The [Consultant / Subcontractor] undertakes and warrants to the Contractor that it has carried out, and will carry out, its duties and obligations under the [Appointment / Subcontract]. In performing its services under the [Appointment / Subcontract], the [Consultant / Subcontractor] has exercised, and will continue to exercise, the skill, care, diligence, experience, prudence and foresight of a professionally qualified and competent [consultant, architect and engineer OR subcontractor] experienced, specialised and skilled in design and the selection of goods and materials for use in the construction of public transport infrastructure of a similar type, size, scope and complexity to the Project and engaged in the same or a similar type of project to the Project and under the same or similar circumstances and conditions as that in which the relevant matters arise. **PROVIDED THAT** if the [Consultant / Subcontractor] has an obligation to carry out or complete the [Works/Services] or any part thereof by an agreed time (including meeting any *key date*), time is of the essence in respect of such obligation.

5.3 The Contractor shall not be prevented from recovering any losses incurred by the Contractor that result from any breach of this clause 5 because:

- 5.3.1 the acts or omissions causing that breach occurred before this Deed took effect; or
- 5.3.2 the Client will not incur, has not or would not have incurred those losses or would not have incurred them to the same extent.

6 BINDING OF THE CONTRACTOR TO [CONSULTANT / SUBCONTRACTOR]

The Contractor binds itself to the [Consultant / Subcontractor] under the [Appointment / Subcontract] as if the Contractor was, and always had been, named in the [Appointment / Subcontract] in place of the Client.

7 VESTING OF REMEDIES IN THE CONTRACTOR

- 7.1 All rights of action and remedies vested in the Client against the [Consultant / Subcontractor] in respect of the [Appointment / Subcontract] shall vest in the Contractor from the date of this Deed.
- 7.2 The [Consultant / Subcontractor] confirms that at the date of this Deed, it is not aware of any differences or disputes between the [Consultant / Subcontractor] and the Client.

8 VESTING OF REMEDIES AGAINST THE CONTRACTOR

All rights of action and remedies vested in the [Consultant / Subcontractor] against the Client in respect of the [Appointment / Subcontract] shall lie against the Contractor from the date of this Deed.

9 FEES AND DISBURSEMENTS

[The [Consultant / Subcontractor] acknowledges that all fees, disbursements and *expenses* due to the [Consultant / Subcontractor] under the [Appointment / Subcontract] to the date of this Deed have been paid in full.]

10 AMENDMENT OF [APPOINTMENT / SUBCONTRACT]

The [Consultant / Subcontractor] and the Contractor agree that upon the Parties entering into this Deed the terms of the [Appointment / Subcontract] shall be deemed varied in accordance with Error! Reference source not found..

11 AFFIRMATION OF [APPOINTMENT / SUBCONTRACT]

Subject to the terms of this Deed, the [Appointment / Subcontract] shall remain in full force and effect.

12 COLLATERAL WARRANTIES AND THIRD PARTY RIGHTS

- 12.1 Nothing in this Deed shall affect any collateral warranty given, or to be given, by the [Consultant / Subcontractor] to the Client or to any third party in respect of the Project. Nothing in this Deed shall affect any third party rights in favour of the Client or in favour of any third party under the [Appointment / Subcontract].

- 12.2 The [Consultant / Subcontractor] shall execute a collateral warranty in the form annexed at Appendix [5 or 13 (as applicable)] in favour of the Client, to be executed and delivered at the same time as this Deed or, if this Deed has already been executed and delivered, within [fourteen (14)] days of the Contractor's request.

13 THIRD PARTY RIGHTS

- 13.1 Subject to clause 13.2, a person who is not a Party to this Deed shall have no rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any of its terms.
- 13.2 A third party given a collateral warranty by the [Consultant / Subcontractor] may enforce the benefit of clause 12. A third party benefiting from third party rights under the [Appointment / Subcontract] may enforce the benefit of clause 12.

14 COOPERATION

The Parties shall deliver such documents and perform such acts as may reasonably be necessary for the purpose of giving full effect to the novation.

15 GOVERNING LAW AND INTERPRETATION

- 15.1 This Deed, and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims), shall be governed by and construed in accordance with the laws of England and Wales as they apply in Wales.
- 15.2 The Parties irrevocably agree that the courts of England and Wales sitting in Cardiff shall have exclusive jurisdiction (save where the Client directs that the High Court in London (or elsewhere) should have jurisdiction) to settle any disputes which may arise out of or in connection with this Deed or its subject matter or formation (including non-contractual disputes or claims).
- 15.3 This document has been executed as a deed and is delivered and takes effect on the date stated at the beginning of it.

16 COUNTERPARTS

This Deed may be entered into in the form of two or more counterparts each executed by one or more of the parties but, taken together, they shall constitute one and the same instrument.

Delivered as a deed on the date of this document.

[EXECUTION CLAUSES TO BE INSERTED]

Error! Reference source not found. to the Deed of Novation
Variations to the terms to the Deed of Novation [Appointment / Subcontract]

The [Appointment / Subcontract] is amended as follows:

[INSERT AMENDMENTS HERE]

Error! Reference source not found. to the Deed of Novation
Apportionment of Fees to the Deed of Novation

[INSERT APPENDIX SHOWING WHICH FEES HAVE BEEN PAID AND / OR WHICH REMAIN
OUTSTANDING FOR PAYMENT]