**Why are standard forms of contract used in construction?**

This worksheet is designed to help consolidate understanding of standard forms of construction contracts by comparing the NEC and JCT contracts. You will explore the benefits and challenges of using each contract type for real-world project scenarios. Use this opportunity to deepen your knowledge of how these contracts apply in practice, understand their differences and think critically about which contract best suits different types of projects.

**Main construction contract types**

Contract selection is important – it should align with project needs and stakeholder relationships.

**JCT contracts**: Commonly used in UK commercial and residential projects, JCT contracts clearly allocate risks and responsibilities between employer and contractor, making them ideal for well-defined projects. An example is the construction of office complexes, where timelines and budgets are set with minimal scope changes. JCT’s structured framework ensures that each party’s responsibilities are clear, which is essential when working with multiple subcontractors on a single project.

**NEC contracts**: NEC contracts focus on collaboration, which is beneficial for large-scale infrastructure projects requiring adaptability. A prime example is the NEC3 contract used in the London 2012 Olympics infrastructure projects, chosen for its flexibility and collaborative structure. This approach allowed for effective risk-sharing and problem-solving as project demands evolved, illustrating how NEC contracts can accommodate unforeseen changes without derailing timelines and budgets.

**FIDIC contracts**: FIDIC contracts, widely used internationally, are especially suitable for infrastructure projects requiring a standardised legal approach across borders. The Panama Canal expansion project, for instance, employed FIDIC contracts to manage international contractors under a unified set of terms, simplifying co-ordination across different jurisdictions. This example demonstrates FIDIC’s adaptability for cross-border projects, making it a strong choice for international construction.

**Association of Consultant Architects (ACA) Building Agreement:** The ACA Building Agreement is a flexible form of contract used in the UK construction industry, designed to foster a more collaborative approach between clients, contractors and consultants. It promotes partnering principles, encouraging transparency, risk-sharing and joint decision-making to improve project outcomes. The agreement is often used for design and build projects and allows for early contractor involvement, helping to reduce disputes and improve efficiency.

**ICE Conditions of Contract:** The ICE (Institution of Civil Engineers) Conditions of Contract were historically one of the primary standard forms for civil engineering projects in the UK. These contracts set out the roles, responsibilities and procedures for managing construction works, typically involving a high degree of engineer involvement in contract administration. While they have largely been replaced by the NEC (New Engineering Contract) suite, ICE contracts remain relevant for certain infrastructure and civil engineering projects, particularly where traditional procurement routes are preferred.

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