



## Implications for Construction due to the Coronavirus pandemic

### Moth balling of construction works: a commercial/contractual perspective

#### Moth balling a Contract

- Communication – up and down the contractual chain – a constructive and open dialogue – no business can operate in isolation
- Check the terms of the contract – whether there any express provisions that deal with suspension of the works in the circumstances of a health pandemic or government intervention
- For standard form contracts review the impact of any bespoke amendments on the standard document
- The pandemic is a neutral event; any contractual provisions which make the effects the responsibility of one party are unlikely to be appropriate
- Consider whether deferment of possession is appropriate for projects that have not started on site
- Insurance of the works – ensure the insurer is aware of any periods of suspension & inactivity and elongation of the insured period
- Any changes to insurance conditions
- Requirements to retain site presence for security and insurance purposes
- Whether sub-contract and supply orders are back to back with the main contract terms
- Whether there are any third party agreements that may be affected and may require positive action (e.g. development, funding, tenancy, Party Wall agreements etc)
- Clarity on valuation of works carried out, location and ownership of materials for incorporation into the works and appropriate certificates
- Arrangements for long-lead elements and materials & goods off-site
- On-going requirement to operate the mechanisms of the Contract during the period of suspension
- Arrangements for re-mobilization
- Increased cost provisions and other return to normal working implications
- Where the executed contracts do not adequately deal with the prevailing situation consider whether bespoke agreements may be required
- Take appropriate professional advice

