In these unprecedented times, it will likely be necessary for counterparties to work together and administer the contract in the best interest of the project. While today’s priority is to ensure safety of employees and construction sites, tomorrow’s task will be to re-commence works to achieve project completion, which will include an assessment of the true impact of COVID-19.

Our construction and engineering lawyers have experience guiding employers and contractors through difficult and complex circumstances and can help you put in place suitable practical arrangements to mitigate against the current risks.

As a starting point, you should consider taking the following practical steps:

1. Review and comply with contractual procedures and notice requirements to ensure that all requests for relief (for example due to force majeure) are made/responded to under the correct contract mechanism and within the prescribed time limits.
2. Obtain detailed records of the status of the works and updated programme against which the impact of delays and suspensions can be measured.
3. Agree mitigation measures, by identifying work streams that can continue off-site, and re-scheduling the programme accordingly.
4. If works are to be suspended, put in place suitable security measures.
5. Review insurance arrangements to understand who is responsible for insuring the site and whether insurance cover suspended works. Consider whether the term of the policy may need to be extended to cover delays to the project and whether there are any business interruption arrangements that might cover COVID-19.
6. Consider finance arrangements: has there been a MAC? Would a long suspension to construction amount to a breach? Do finance arrangements need to be extended?
7. Communicate and plan ahead: prepare to sit down with your development partners and financiers in the project to identify what steps need to be carried out in the best interests for the project.
8. Above all, whether employer or contractor, ensure that detailed contemporaneous records are made and retained.
More information
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