

Contract Completion Guarantee



v2 September 2021

Terms and conditions

If any work undertaken by a Member of SELECT on behalf of any customer cannot be completed by reason of that Member's insolvency, then SELECT shall pay to that customer the additional cost of completion of the work by another Member firm. This scheme is provided without prejudice to the customer's statutory rights.

1. The scheme applies only to work performed within Scotland.

2. A customer will be entitled to benefit from the scheme provided that:

(a) The insolvent Member holds a **guarantee certificate** showing a **guarantee certificate value** equal to or exceeding the quotation, and

(b) The insolvent Member has been engaged under an **approved form contract**.

3. The maximum liability of SELECT to pay claims made under the scheme will be the **maximum payment**. If the accumulated eligible claims from more than one customer made against any one insolvent Member exceed the **maximum payment**, each claimant shall be entitled to a pro rata proportion of the **maximum payment**, as determined by the value of their claim compared to the total value of all eligible claims.

4. The scheme will not apply where, in the opinion of SELECT, the Member's insolvency was wholly or partly caused by the customer wrongfully withholding payment of money due to the Member for work carried out or for materials delivered to the customer's site.

5. SELECT shall not be liable under the scheme in respect of an **approved form contract** where the Member's quotation exceeded the amount specified on the Member's **guarantee certificate** in force at the date of submission of the quotation. The customer will be responsible for checking and satisfying themselves that a Member holds a valid **guarantee certificate**.

6. Notwithstanding any other provision hereof, the scheme shall not apply to any **approved form contract** for which the Member's quotation exceeds £500,000.

7. SELECT shall not be liable for any claim where the customer making such a claim is indemnified by some other guarantee scheme, bond or insurance, or where the claim can be satisfied by recourse to any retention monies withheld from the insolvent Member.

8. Where the Member has become insolvent, SELECT reserves the right to nominate a new electrical contractor to complete the work subject to a written notice of objection, setting out the reasons for the objection, issued by the customer within 10 working days (Monday to Friday inclusive) of being informed of the new contractor. Where there is a valid notice of objection, SELECT must nominate another contractor to complete the work. SELECT shall have no liability to the

customer in respect of the performance of the nominated contractor which shall remain a matter for resolution between the nominated contractor and the customer.

9. In consideration of any payment made under this scheme, the customer, if requested to do so by SELECT, will assign legally to SELECT such rights or benefits as they themselves may have against the insolvent Member

10. In the event of any dispute arising out of, or in connection with, this scheme, the disputing party shall give notice to the other party as to the nature of the dispute. Where it is not possible to resolve the dispute through conciliation or negotiation within 30 days of the said notice, then the parties involved shall refer the matter to arbitration. The appointment of the arbiter shall be on the request of either party to the Chartered Institute of Arbitrators (Scottish Branch). The parties shall be required to sign an undertaking that, save in the case of manifest error, they shall accept the arbiter's findings as final and binding, including his determination as to which party shall bear the cost of the arbitration.

11. This scheme relates to **approved form contracts** entered into, on or after 1 January 2005.

12. Any claim under this scheme shall be made in writing within 30 days of the insolvency of the Member concerned with full supporting evidence and documentation relating to the claim and addressed to: SELECT, The Walled Garden, Bush Estate, Midlothian EH26 0SB.

13. SELECT reserves the right, at its sole discretion, to alter or amend any of the terms and conditions of this scheme.



Definitions

Additional cost of completion

The new electrical contractor's price for completion of work including variations ordered but outstanding at the date of insolvency, less the difference between:

(a) the insolvent Member's quotation together with the cost of variations ordered prior to that Member's insolvency, and

(b) the value of work executed to that date together with the value of materials delivered to site, excluding the effect of cost fluctuations.

No account shall be taken in the foregoing calculation of consequential loss suffered, or of any damages claimed for breach of contract, or for a failure of performance by, the insolvent Member.

SELECT reserves the right to employ an appropriate person to determine the said calculation, acting as an expert and not an arbiter, and their determination shall be final and binding on all parties. In all other cases where the appointment of an arbiter is required, their appointment shall be made in accordance with Clause 10.

Approved form contract

(a) Any of the Scottish Building Contract Committee Limited approved or published forms of contract, in unamended form, or
(b) SELECT's Conditions of Trading, in unamended form.

SELECT, at its sole discretion, may validate an approved form contract with minor amendments providing that clauses dealing with payment, retention, set-off, suspension and determination remain unamended. In addition, SELECT may validate any other written contract providing that SELECT's approval is obtained prior to the submission of the Member's quotation.

Conditions of trading

The conditions of trading approved and adopted by SELECT in February 2004.

Customer

Any individual or organisation that engages a Member under an approved form contract.

Guarantee certificate

A currently valid certificate issued by SELECT expressly for the purpose of the Contract Completion Guarantee Scheme.

Guarantee certificate value

The maximum value of any approved form contract covered under the scheme in respect of any individual Member. The amount specified in the Member's guarantee certificate is determined for scheme purposes only and is not in any way intended to reflect the Member's ability to tender for work in excess of this amount. The amount specified shall be at the sole discretion of SELECT.

Insolvency

In respect of a Member, becoming bankrupt or making a composition with their creditors or having a proposal made in respect of their company for a voluntary arrangement approved in accordance with the Insolvency Act 1986, other than a Company Voluntary Agreement (CVA) moratorium, in respect of their company to the court for the appointment of an administrator, or having their estate sequestrated, or entering into a trust, or having a winding up order made, or, except for the purpose of reconstruction, a resolution for voluntary winding up being passed, or having a receiver or manager of their business or undertaking duly appointed, or having an administrator receiver as defined in the Insolvency Act 1986 appointed, or possession of the assets of the business or undertaking being taken by or on behalf of the holder of any debenture secured by a floating charge.

Maximum payment

The maximum amount SELECT will pay to a customer in the event of the insolvency of a Member being 15% of the guarantee certificate value but subject to the specific limitations of Clause 3.

Member

A Member of SELECT in possession of a valid guarantee certificate.

Quotation

The quotation submitted by the insolvent Member, as accepted by the customer.

Work

All electrotechnical work undertaken by Member firms in the disciplines in which they have been satisfactorily assessed and approved by SELECT.





Founded in 1900, SELECT is Scotland's largest construction trade association.

It has nearly 1,250 member businesses who collectively have an annual turnover of around £1 billion and employ over 15,000 people and 3,500 apprentices.

SELECT also delivers training courses to more than 3,500 electricians each year and is committed to regulation of the industry for a safer Scotland.

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www.select.org.uk