

**THE CITY OF LONDON LAW SOCIETY
LETTER OF INTENT
2024 EDITION**

From: [**Employer**]
(Company registration number [])
[address]

To: [**Contractor**]
(Company registration number [])
[address]

FAO: []

Date: []

Dear Addressee

Letter of intent in relation to the Works at the Site

1. Terms defined in the Particulars to this letter shall have the same meaning throughout this letter.
2. We refer to our negotiations with you in relation to the Works, as detailed in the Tender Documents. Subject to any final matters in relation to the Contract being agreed between both of us and the terms of this letter, it is our intention to enter into the Contract with you for the carrying out and completion of the Works.
3. Any final matters in relation to the Contract not yet agreed between both of us are set out in the Particulars.
4. Notwithstanding that all the terms of the Contract may not be agreed, we hereby instruct you to proceed with the Activities and you agree to proceed in a timely manner with the Activities in accordance with the terms of this letter.
5. The terms of the Contract as agreed between both of us and the terms of this letter shall apply to the Activities instructed under this letter. In the event of any discrepancy between the terms of the Contract agreed between both of us and the terms of this letter, the terms of this letter shall have priority.
6. We have appointed the Employer's Representative to act on our behalf under this letter and you shall comply with lawful instructions issued by the Employer's Representative under this letter in relation to the Activities and in accordance with the terms of the Contract as agreed between both of us and the terms of this letter.
7. Both of us shall, to the extent required as set out in the Particulars, take out and maintain the Required Insurances at the required levels and provide suitable evidence to the other to confirm that such insurances are taken out and being maintained. You shall indemnify us against any expense, liability, loss, claim or proceedings in respect of any personal injury or death or damage to real or personal property, arising out of or in connection with you carrying out the Activities and

to the extent that the same is due to any negligence, breach of statutory duty, omission and/or default by you and/or on your behalf.

8. You shall not, without our prior written approval, enter into any sub-contract or supply order in connection with the Works and/or this letter. You shall ensure that any such sub-contract or supply order provides for the assignment of the benefits of any such sub-contract or supply order and the novation of the benefits and obligations under any such sub-contract or supply order, as we may instruct you, to us or to any replacement contractor and in the event that your instruction under this letter is terminated or the Contract is not entered into with you for any reason whatsoever. You shall be responsible for the acts or omissions of any sub-contractors and suppliers you appoint in connection with the Works and/or this letter.
9. You shall comply with all applicable laws including, without limitation, any statute, statutory instrument, regulation, rule, order or bye-law. Where applicable, you shall comply with the CDM Regulations and the Building Regulations for the roles you are appointed to perform in respect of the CDM Regulations and the Building Regulations as set out in the Particulars.
10. You shall keep us regularly informed of the progress of the Activities. You shall report us periodically as set out in the Particulars and provide appropriate documentary evidence of all costs which you incur in relation to the Activities.
11. We shall pay you for any Activities properly performed by you in accordance with the pricing and description for the Activities as set out in the Particulars, provided that our total liability under or in connection with this letter and the Works shall not exceed the Maximum Expenditure.
12. You hereby grant to us an irrevocable, non-exclusive and royalty-free licence to use and reproduce all drawings, details, plans, calculations, specifications and other work and any designs contained within them, prepared by you or on your behalf in connection with this letter ("Proprietary Material") for any purpose in connection with the Works. The licence shall carry the right to grant sub-licences and shall be freely transferable to any third party. You shall not in the performance of the Activities infringe, or cause us to infringe, the intellectual property rights of any third party.
13. Information shared between both of us in connection with this letter shall be treated confidentially, shall not be used for any other purpose and shall not be disclosed to any third party. You shall not, without our prior written approval:
 - 13.1 take or permit the taking of photographs of the Works or the Site for publicity or advertising purposes; and/or
 - 13.2 publish any articles, photographs or other illustrations relating to the Works or the Site.
14. If the Contract is concluded between both of us, the Contract shall supersede this letter and:
 - 14.1 any Activities carried out by you shall be deemed to have been carried out under and subject to the terms of the Contract; and
 - 14.2 any payments made by us to you under this letter shall be included in the contract sum specified in the Contract and shall be credited in relation to any payments otherwise due to you under the Contract.

Alternatively, we reserve the right not to award the Contract to you for whatever reason and also to enter a contract for the whole or any part of the Works with any other contractor. In that event, your instruction under this letter shall terminate and you shall not have any further entitlement under or in connection with this letter other than as set out in this letter.

15. Your instruction under this letter shall terminate in the event that the following occurs:

- 15.1 by us giving to you at least seven (7) days prior written notice of termination of your instruction under this letter, provided that no period of notice shall be required in the event that you become insolvent under the terms of the Contract; or
 - 15.2 automatically on the Expiry Date, unless we agree to extend the Expiry Date in writing between us.
16. On any termination of your instruction under this letter, you shall:
- 16.1 immediately cease the Activities, having due regard to health and safety and the protection and security of the Site, remove all of your site facilities, plant and machinery and vacate the Site;
 - 16.2 arrange, as we may instruct you, for the assignment, novation or cancellation of any sub-contracts and supply orders in connection with the Works and/or this letter and supply to us all associated invoices and any related documents; and
 - 16.3 provide to us copies of all Proprietary Material.
17. In the event that your instruction under this letter is terminated, we shall pay you in accordance with this letter for Activities properly carried out by you up to the date of such termination, provided that:
- 17.1 our liability to you under this letter shall not exceed the Maximum Expenditure; and
 - 17.2 we shall not be liable to you for any other costs or losses under or in connection with this letter and/or otherwise in connection with the Works including, without limitation, any claims, expenses, damages, loss of profit and/or any other direct or consequential costs or losses.
18. This letter shall be subject to the laws of England and Wales and both of us agree to the exclusive (save for enforcement proceedings which shall be subject to the non-exclusive) jurisdiction of the Courts of England and Wales.
19. For the purposes of the Contracts (Rights of Third Parties) Act 1999, it is not intended that any third party should have the benefit of, or the right to enforce, any provision of this letter.
20. This letter supersedes any previous documents or other correspondence between both of us in relation to this letter and/or the Activities and represents the entire agreement between both of us in relation to the same. This letter may only be varied if in writing and executed on the same basis as this letter.
21. This letter may be executed in counterpart and each executed counterpart shall be considered to be an original of this letter. To avoid doubt, either party may execute by way of manuscript or electronic signature. This letter shall not take effect until executed by both of us.

Both of us acknowledge acceptance of this letter by execution of this letter below.

.....
 Signature

.....
 Signature

Name (print name)

Name (print name)

Duly authorised to sign for the Employer

Duly authorised to sign for the Contractor

PARTICULARS

Works
Site
Tender Documents (paragraph 2)
Any final matters not yet agreed in relation to the Contract (paragraph 3)
Activities (paragraph 4)
Contract (paragraph 5)
Employer's Representative (paragraph 6) of
Required Insurances (paragraph 7)	<p>The following insurances are to be taken out and maintained by the Contractor:</p> <ul style="list-style-type: none"> • professional indemnity • employer's liability • public liability <p>(delete/amend as appropriate)</p> <p>Construction All Risks insurance is to be taken out and maintained by:</p> <ul style="list-style-type: none"> • [the Employer] [the Contractor]

	<p>(delete as appropriate)</p> <p>non-negligent liability insurance</p> <ul style="list-style-type: none"> • [is/is not required] to be taken out and maintained by the Contractor. <p>(delete as appropriate)</p> <hr/> <p>The levels of insurance required to be taken out and maintained for each are:</p> <p>professional indemnity £.....</p> <p style="padding-left: 150px;">* for any one occurrence or series of occurrences arising out of one event</p> <p style="padding-left: 150px;">* in the aggregate annually</p> <p style="padding-left: 150px;">(delete/amend as appropriate)</p> <p>employer's liability in accordance with the Contract</p> <p>public liability £.....</p> <p style="padding-left: 150px;">for any one occurrence or series of occurrences arising out of one event</p> <p>Construction All Risks in accordance with the Contract</p> <p>non-negligent liability £.....</p> <p style="padding-left: 150px;">for any one occurrence or series of occurrences arising out of one event</p> <p>(delete/amend as appropriate)</p>
<p>CDM Regulations and Building Regulations (paragraph 9)</p>	<p>You are appointed to perform the following duties under the Construction (Design and Management) Regulations 2015:</p> <ul style="list-style-type: none"> • principal contractor • principal designer • designer • contractor <p>(delete as appropriate)</p> <p>You are appointed to perform the following duties under Part 2A of the Building Regulations 2010:</p> <ul style="list-style-type: none"> • principal contractor

	<ul style="list-style-type: none"> • principal designer • designer • contractor <p>(delete as appropriate)</p>
Report progress on Activities (paragraph 10)	[weekly] [fortnightly] [monthly] (delete as appropriate)
Pricing and description for the Activities (paragraph 11)	<p>The pricing and description of the Activities up to the Maximum Expenditure is as follows:</p> <p>.....</p> <p>.....</p> <p>The periods for payment due dates and final dates for payment of any sum due under this letter shall occur not more frequently than:</p> <p>[fortnightly] [monthly]</p> <p>(delete as appropriate)</p>
Maximum Expenditure (paragraph 11)	The amount of £.....excluding value added tax.
Expiry Date (paragraph 15), unless we agree to extend the Expiry Date in writing between us.

**THE CITY OF LONDON LAW SOCIETY
LETTER OF INTENT 2024 EDITION**

GUIDANCE NOTE

Introduction to the 2024 Edition

The City of London Law Society Letter of Intent 2024 Edition is a standard form letter of intent devised for use for construction projects taking place in England. The Letter of Intent 2024 Edition replaces the City of London Law Society Standard Form Letter of Intent 2007 Edition. At the time of writing, that document remains the only published form letter of intent aimed at general use and widely adopted in the United Kingdom construction industry.

We have retained the widely used terminology of "letter of intent". While there are other terms used in the industry, such as "letter of instruction", "letter of limited instruction" and/or "letter of limited authority", the use of these terms should mean substantially the same. The key objectives of instructing a limited scope of activities, for an agreed/capped amount and with an expiry date for the same, while concluding a final form building contract, are the core components of such interim contractual arrangements.

A key consideration in updating the Letter of Intent 2024 Edition has been to create a document that is able to be adapted for use efficiently from project to project. Therefore the introduction of the table of Particulars, forming part of the Letter of Intent 2024 Edition, is to allow for project-specific details to be included, while allowing for the operative numbered paragraphs of any letter of intent to not require further amendment. We anticipate this may promote a more standardised adoption and use of letters of intent in industry.

Where the Letter of Intent 2024 Edition is to be adapted for use for projects outside of England, specialist advice should be sought from experienced and appropriately qualified legal advisers.

General commentary

Letters of intent should be regarded as an interim construction procurement solution. In certain circumstances, it may be necessary or desirable for a letter of intent to allow design, procurement and/or other construction activities to be commenced, prior to final agreement of all contractual matters between parties.

The Letter of Intent 2024 Edition seeks to provide an appropriate standard form document that may be used or adapted for any relevant project where a letter of intent is preferred. Included in the Letter of Intent 2024 Edition are key controls which we regard as best practice: limiting the scope of Activities, capping liability to a Maximum Expenditure and also including an Expiry Date. These matters together should protect both parties from the uncertainties that may arise, in the event that contractual matters in relation to any letter of intent are open and/or ambiguous as to scope, duration and liability. We would not recommend any amendment or use of the Letter of Intent 2024 Edition without each of these controls.

The following comments provide guidance on its use on a project-by-project basis:

Paragraph 1: The Particulars define the capitalised terms used in the Letter of Intent 2024 Edition and are to be completed as appropriate for use for any project. This approach minimises the need to define terms in any letter of intent and allows for the efficient production of the same.

Paragraph 2: This paragraph confirms the intention by the parties to enter into the Contract once they have agreed final matters in relation to the Contract. Tender Documents (including tender issue, tender return and any subsequent addenda, documents and/or negotiations) should be included by suitable referencing in the appropriate entry of the Particulars. It is open to consider whether incorporation by reference is adequate or whether documents referred to in the Particulars should also then be annexed to any letter of intent. Care should also be taken to ensure that any Tender Documents are not inconsistent with the terms of any letter of intent and vice versa.

Paragraph 3: A key consideration regarding the use of letters of intent is the extent to which contractual terms are agreed and to which extent they are not. In the event of any such ambiguity, this may lead to uncertainty and/or dispute as to what was agreed and/or not agreed. Therefore while it is not typically advisable for substantive issues to remain to be agreed, this paragraph provides for inclusion of details of any outstanding contractual items to be inserted in the Particulars. The purpose of doing so is to:

- focus attention on the parties' need to agree such matters; and
- provide evidence that any items not listed are agreed.

If no items are left to be agreed, the parties should consider whether or not a letter of intent is appropriate or necessary, other than for a very limited period while formal contract documents are assembled and prepared for execution. The Particulars should also expressly state that this entry is not applicable.

Paragraph 4: Details of the Activities to be carried out pursuant to any letter of intent, such as design development, order of materials or long lead items, regulatory compliance matters and/or site mobilisation, need to be inserted in the appropriate entry of the Particulars. Consideration should be given to whether it is appropriate to instruct the commencement of works on site under any letter of intent, particularly if there is any regulatory condition to such commencement to be satisfied, including for any higher-risk building (as defined in the Building Safety Act 2022). This should take into account the consequences if the instruction under any letter of intent is terminated.

Paragraph 5: This paragraph provides for the Contract and letter of intent applying to the Activities to be carried out. Taking into account guidance in relation to paragraph 3, consideration should be given to any terms that are not yet agreed and the potential for that to be a material issue, prior to any letter of intent being entered into.

Paragraph 6: This allows the Employer to specify in the Particulars the identity of the Employer's Representative and to give authority to the Employer's Representative to give instructions on behalf of the Employer in relation to the Activities.

Paragraph 7: This deals with the Contractor's obligations to take out insurance(s) for the Activities including, if relevant, any works on site. At the same time, this paragraph acknowledges that Construction All Risks insurance may be taken out by either the Contractor or the Employer, depending on what is

considered more appropriate for the project. This paragraph also puts in place a Contractor indemnity with regard to death or personal injury and property damage, which shall principally be relevant where any letter of intent authorises the carrying out of works on site.

Paragraph 8: The Contractor shall obtain the Employer's prior written approval to any sub-contracting or materials supply orders. This paragraph provides that in the event that a contract is not ultimately entered into by the Employer and the Contractor, the benefit of such sub-contracts or orders can be assigned or novated to the Employer.

Paragraph 9: This provision requires the Contractor to comply with all relevant laws in relation to the Activities. It also requires the Contractor shall comply with any obligations imposed on the Contractor pursuant to the roles specified in the corresponding entry of the Particulars for the purposes of the CDM Regulations and Part 2A of the Building Regulations 2010.

Paragraph 10: The Contractor is required to keep the Employer regularly and fully informed of the progress of works carried out pursuant to the letter on a periodic basis as stated in the Particulars.

Paragraph 11: The payment mechanism is to be set out in the Particulars and should be drafted to be compliant with the Housing Grants, Construction and Regeneration Act 1996 as amended (the "Construction Act"), where the same applies. If the entry in the Particulars is left uncompleted, the mechanism may default to that of the Contract or the Scheme under the Construction Act. It may also be necessary for the parties to consider the requirements of and compliance with regulatory matters in relation to payments, including whether parties are to comply with the Construction Industry Scheme, any reverse charge requirements for VAT or otherwise.

Paragraph 12: This comprises a copyright licence with a right to grant sub-licences and it is intended that the licence continues to subsist, irrespective of any termination of the instruction under the letter. Ideally, the wording of this paragraph should be reviewed for consistency with any intellectual property provisions required in the Contract.

Paragraph 13: This is a confidentiality clause. A change from the 2007 Edition is that the provision now includes anti-publicity provisions, reflecting an increased preference in the industry to control media coverage of projects.

Paragraph 14: This confirms that, in the event that the Contract is entered into, all work under the relevant letter of intent is subsumed into, and deemed to have been carried out under, the Contract. The alternative is the reservation of the unfettered discretion of the Employer not to award the Contract to the Contractor, in which case the Contractor is not entitled to any additional payment or entitlement under or in connection with that letter of intent.

Paragraph 15: This provides the mechanism for termination of the instruction under a letter of intent by the Employer, which is intended to allow for termination for any reason and/or without cause. There is also provision for immediate termination by written notice in the event of insolvency of the Contractor, so that liabilities do not continue to accrue. There is provision for an Expiry Date which is to ensure that a letter of intent does not continue beyond that date.

Paragraph 16: This paragraph requires the Contractor to demobilise and vacate the Site, arrange for the assignment or novation of any sub-contracts and orders and the agreement between the parties of issues

with regard to cancellation of any orders in the event of termination. There are also arrangements for provision to the Employer of copies of the Proprietary Material.

Paragraph 17: This paragraph details the entitlement of the Contractor following termination, together with provisions which limit liability up to the Maximum Commitment and further exclude other claims. Thought should be given to how the Maximum Commitment is calculated. That may simply be the costings for Activities but there may also be cancellation costs or charges associated with the same. If there are cancellation costs or charges, it would be preferable for the same to be included in the calculation of the Maximum Commitment. That, however, needs to be balanced against the potential liability of the Employer with any Maximum Commitment compared to the benefit of entering into any letter of intent.

Paragraph 18: This paragraph provides that the laws of England and Wales shall apply and that the Courts of England and Wales shall have jurisdiction. If the Contract includes adjudication provisions which comply with the Construction Act, those provisions shall apply. If not, and the Construction Act applies, the adjudication provisions set out in the Scheme shall apply to any dispute in connection with a letter of intent.

Paragraph 19: This expressly excludes the provisions of the Contracts (Rights of Third Parties) Act 1999. If any third party is to have rights accruing under any letter of intent, consideration would be needed as to whether to achieve this by inclusion of third party rights and/or collateral warranties.

Paragraph 20: This paragraph provides that the letter of intent supersedes any previous documents or correspondence. Care should then be taken that the documents referred to in the Particulars comprise all relevant documentation.

Paragraph 21: The Letter of Intent 2024 Edition is drafted to be signed under hand rather than executed as a deed. This should not affect how the Contract is to be executed.

This Guidance Note does not form part of either the terms of The City of London Law Society Letter of Intent 2024 Edition or its Particulars and shall not affect the interpretation of either of these.

Usage of the 2024 Edition and this Guidance Note and disclaimer

Due care and consideration should be given to all project-specific issues which shall impact on any letter of intent and the completion of its Particulars. The 2024 Edition (comprising the City of London Law Society Letter of Intent 2024 Edition and its Particulars) has been drafted for use for construction projects in England and Wales and on the basis that the law of England and Wales is the law which governs the 2024 Edition.

Parties must rely on their own skill and judgement and/or take specialist legal advice when using the 2024 Edition and/or this Guidance Note. This Guidance Note is no substitute for legal advice and the City of London Law Society (which is deemed for the purposes of this section to include its Construction Law Committee), any member thereof and any contributor to the 2024 Edition or to the 2007 Edition and/or their respective Guidance Notes are not liable to anyone for any loss or damage caused by any use of the 2024 Edition and/or this Guidance Note or for any inconsistency, exception, omission or other error contained in them.

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The City of London Law Society's Construction Law Committee