



Practical completion in construction projects

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Practical completion generally refers to the point when a building project is complete, except for minor defects that can be put right without undue interference or disturbance to an occupier. Meaning that at the point of practical completion the employer can safely take possession of the works and use them for the purpose intended. However, it is worth noting that if a property is inhabitable it does not follow that the works must be regarded as practically complete regardless of the nature and extent of the work still to be remedied.

Issues or difficulties arising from ascertaining if practical completion has been attained will from time to time arise for which it is imperative that both

contractors and employers consider seeking expert legal advice to assist in navigating such issues.

Technical reasons why practical completion is important

There are numerous reasons why achieving practical completion is essential to both the employer and the contractor, they include:

I. Release/reduction in contractors insurance obligations

In most standard contracts, a contractor will agree to insure works and attendant liabilities. This obligation on the part of the contractor considerably diminishes, or in some instances ceases, upon achievement of practical completion.

II. Ending contractor liability for liquidated damages

Practical completion signifies the end of the contractor's liability for liquidated damages. These are damages payable by the contractor to the client or project owner in the event of the contractor's breach of contract. For instance, damages awarded against contractors who overrun the time limit for completion of the project.

III. Starting the Defects Liability Period

The Defects Liability Period (DLP) starts at the point of practical completion. It represents a defined period where the contractor has a right of access to the site to finish any work and remedy defects. The length of the Defects Liability Period is stipulated in the contract and is usually 12 months from the date of issue of the certificate.

At AIP Advocates, we have lawyers who will guide you on legal matters arising from construction contracts while ensuring your interests are protected.

Do reach out to us on the contacts below for assistance:

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