

10 Point Scorecard for Letters of Intent

Use this to check if the letter of intent you have been asked to sign, send or negotiate is good to go or a disaster waiting to happen. If the latter, use the book to create a better letter.



| | | -2 marks | -1 mark | +2 marks | Score |
|--------------------|---|---|--|--|-------|
| 1 | Parties Is your Contractor willing to work together (co-operate) and... | A company with a reputation for claims, running late or incompetence? | A new company, or of unknown financial standing and experience? | A reputable company, of good financial standing, known experience and correctly identified? | |
| 2 | Works Is the description of the initial works... | Incomplete or generic, and no reference to works documents? | With some detail, but no reference to works documents? | Complete, detailed, with reference to works documents which clarify elements to be provided? | |
| 3 | Price Is the price for the initial works... | Not stated or subject to a limit bearing no relation to the initial works? | Reasonable/proven costs only with no element of profit? | Clearly stated and sufficient for the initial works? | |
| 4 | Time Are the start and completion dates... | Unclear, incomplete and unrealistic? | By reference to whole project? | Clear, complete and relating to the initial works only? | |
| 5 | Quality Are the standards for works, goods, and services... | Based on fitness for purpose? | By reference to the proposed standard form only? | Based on reasonable skill and care/ or relevant works documents? | |
| 6 | Risk Are the ground risks... | Not listed, with no reference to survey, and not allocated? | Listed by reference to site surveys, but not priced? | Known and priced? | |
| 7 | Limits Is the letter of intent limited to... | A specific sum or date (unrelated to the initial works)? | No specific limit? | A sum related to the cost of initial works and for the Contractor? | |
| 8 | Procedures Are the procedures for payment, changes and extensions... | Included by reference to the full contract? | Unclear or (for payment) rely on the implied statutory procedure? | Clear for payment and change; extension procedure is linked to delay damages? | |
| 9 | Remedies Is the parties' right to terminate... | Non-existent? | For the client only on written notice? | For both parties in defined circumstances and on written notice? | |
| 10 | Aims Does your letter of intent come to an end... | Yes with a fixed expiry date, not linked to the time to complete the initial works? | No provision for it to end (contractor gets reasonable costs if it continues to provide works) | Ends naturally once initial works are complete, combined with right for parties to terminate | |
| Total Score | | | | | |



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