



Understanding NEC Contracts

Duration

1 day

What is this course about?

This is a detailed one-day course which gives an overview of the different types of contracts available within the NEC4 suite of contracts. The session will also identify the differences from NEC3 which whilst many attendees may still be using they will be switching to NEC4 for future projects. The NEC4 contracts are described as “evolution rather than revolution” so they are mostly subtle changes or enhancements from the NEC3 contract wording. The workshop explores in specific detail the Engineering and Construction Contract (ECC) which is the most commonly used form within the suite for managing a construction contract, which includes many of the core clauses which are common to the whole suite.

The course reviews the various options available within ECC in terms of being a lump sum contract, target cost or a cost reimbursable type contract as well as looking in detail at the intricacies of understanding and administering the contract for the benefit of all involved in running a project. Whilst the contract is written such that it should be easy to use and understand, it is different culturally from other forms of contract and parties can get into difficulties if they do not understand or administer the contract.

Who would benefit?

Any one involved in the running or administration of a construction project, which will include:

- Project managers
- Contract managers
- Commercial managers
- Quantity surveyors
- Planners
- Engineers
- Estimators
- Tender and Proposals Engineers
- Designers / Architects



Objectives

At the end of the course those who have attended will understand:

- The different types of contract available within the NEC suite and when they will be most applicable
- The overriding philosophy and culture of the NEC contracts that are common to all
- All of the contract documents involved and their relative importance
- Each of the core principles of the ECC contract which include defined terms, communication, early warnings, contractor's responsibilities, payment, defects, liabilities and termination.
- New NEC4 clauses and how they change/improve previously administered clauses
- The importance and significance of the programme and how it will be managed contractually for the life of the project
- How change will be managed, and in particular the principles of compensation events and the strict processes and timescales involved

Key topics covered

This course will cover the following key topics:

1. Objectives of NEC contracts and range of Contracts available

- Fundamental essences that are common to all of the contracts
- Range of contracts available and when they will be applicable

2. ECC Contract and associated Contract Strategy

- Core clauses
- Options A-F
- Secondary Options
- Z clause amendments
- Key changes that NEC4 bring



3. Contract Data

- Contract data part 1
- Contract data part 2

4. Section 1 of the Contract

- 'Spirit of mutual trust and co-operation'
- Defined and identified terms
- Communications
- Project Manager
- Ambiguities and inconsistencies

5. Early Warnings

- What early warnings are
- How they should be managed
- Changes that NEC4 brings with regards to this process

6. Contractors Responsibilities

- Design
- People
- Working with Others
- Subcontracting

7. Time / Programme

- Level of detail required of a programme
- Acceptance of a programme
- Revising a programme
- Acceleration

8. Quality Management

- What is a defect?
- Acceptance of defects



9. Payment

- Definition of prices
- Definition of price for work done to date and activity schedule / bill of quantities
- Target cost share
- Schedule of cost components and changes that NEC4 brings

10. Compensation events

- What is a compensation event?
- Notification
- Quotation
- Assessment
- Implementation

11. Adjudication

- The process and timescales involved

12. Summary

- Summary of workshop
- Open forum for questions