



Crown
Commercial
Service



Public Sector Procurement; Crown Commercial Service and NEC3 for suppliers to the Public Sector



Panel members

- Danielle Carvell, Crown Commercial Service
- Barry Trebes, NEC Consultant

- To provide an introduction and overview of the NEC family of contracts
- To understand the contract philosophy
- To understand how each of the NEC contracts may be used

What is NEC?



- A modern day family of contracts
- Facilitates implementation of sound project management principles and practices
- Defines legal relationships



- NEC is a family of standard contracts, each of which has these characteristics

Stimulates good management

- Can be used in wide variety of commercial situations, for wide variety of types of work and in any location
- A clear and simple document - using language and structure which are straightforward and easily understood

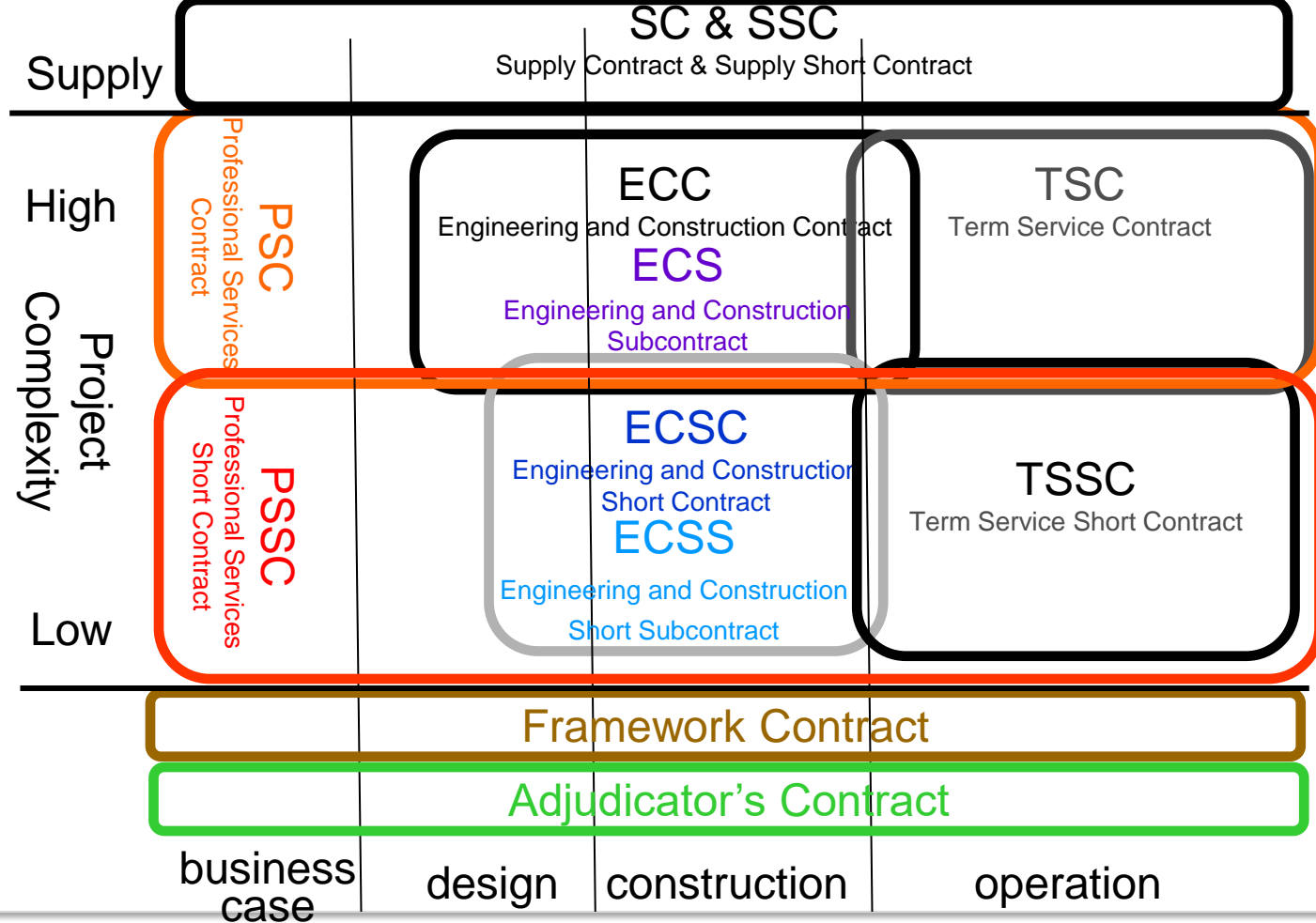
Flexibility

- Multi-disciplinary
- Responsibility for design by either party
- Choice of pricing mechanisms from lump sum to cost plus
- Bolt on secondary Options that allow an *Employer* to build up the contract to suit
- Allocate risks to suit
- For international use

Clarity and simplicity

- Ordinary language
- Minimal legalistic phrases
- Minimised subjective phrases such as 'fair', 'reasonable' and 'opinion'
- Reasons for decisions stated
- User friendly structure

- Stimulus to good management
- Perhaps the most important objective. Every procedure is designed to contribute to, rather than detract from effectiveness for all parties
- Founded on two principles
 - foresight applied collaboratively mitigates problems and shrinks risk
 - clear division of function and responsibility helps accountability and motivates people



NEC family



Traffic Management Technology 2
Customer guidance notes RM1089



Agreement start date: 31 October 2016
Agreement expiry date: 31 October 2020
[OJEU contract notice](#)

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Who can use this framework?

The agreement is fully mandated for use across central government and is also available to all wider public sector organisations

Benefits of using the framework



- An extensive range of services from sustainable traffic infrastructure and traffic management solutions to traffic signals and parking and access control systems
- Transparency of costs and invoicing
- Ability to engage with suppliers before entering into further competition
- Active relationship management of suppliers
- An online catalogue covering commodity traffic management technology purchases
- Use of the NEC suite of contracts to make transacting simpler and more efficient for all involved
- Guidance and support from commercial professionals at Crown Commercial Service
- This agreement supports the government's commitment to sustainability and offers increased opportunities for small business, over 60% of suppliers are SMEs



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How the framework is structured

- 15 service options

Lots 1-14 include the supply of any related equipment and services, part or complete end to end solutions for the equipment and services required and the transfer of Responsibility of any existing equipment and services, if required.

Traffic Management Technology 2



15 service options



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Lot	
1	Traffic Signal Junctions, Controlled Pedestrian Crossings and Ramp Metering
2	Traffic Monitoring and Traffic Enforcement Cameras
3	Geographic Information Systems (GIS) Data Systems
4	Variable Message Signs
5	Parking and Access Control Systems
6	Environmental Monitoring Systems (fixed and mobile)
7	Urban Traffic Management Control and Common Database Systems



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15 service options

Lot	
8	Asset Data Capture and Management
9	Street and Exterior Lighting
10	Sustainable Transport Infrastructure
11	Traffic Management Communications
12	Traffic Management Professional Services
13	Ancillary Roadside Equipment
14	Intelligent Transport Systems (ITS)



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15 service options

Lot	
15	<p data-bbox="772 464 966 507">Catalogue</p> <p data-bbox="772 524 1603 802">Without limitation, goods and services relating to this lot can include the provision of commoditised goods, services and works associated with any item within the scope of the agreement.</p>



NEC3 Framework Contract



NEC Title	Abbreviation	Brief Description
NEC3: Framework Contract	FC 	The Framework Contract is intended for use in the appointment of one or more suppliers to carry out construction work or to provide design or advisory services on an 'as instructed' basis over a set term. This document contains the core clauses and the contract data forms.



NEC3 Supply Contracts



NEC Title	Abbreviation	Brief Description
NEC3: Supply Contract	SC 	The NEC3 Supply Contract (SC) is the first set of standardised terms designed for local and international procurement of high-value goods and related services including design.
NEC3: Supply Short Contract	SSC 	This contract should be used for local and international procurement of goods under a single order or on a batch order basis and is for use with contracts which do not require sophisticated management techniques and impose only low risks on both the Purchaser and Supplier.



NEC3 Professional Services Contracts



NEC Title	Abbreviation	Brief Description
NEC3: Professional Services Contract	PSC 	This contract should be used for the appointment of a supplier to provide professional services.
NEC3: Professional Services Short Contract	PSSC 	This is an alternative to PSC and is intended for use in the appointment of a supplier to provide professional services on smaller scale projects where sophisticated management techniques are not required.



NEC3 Construction Contracts



NEC Title	Abbreviation	Brief Description
NEC3: Engineering and Construction Contract	ECC 	This contract should be used for the appointment of a contractor for engineering and construction work, including any level of design responsibility.
NEC3: Engineering and Construction Contract Short Contract	ECSC 	This is an alternative to ECC and is for use with contracts which do not require sophisticated management techniques, comprise straightforward work and impose only low risks on both the contractor and subcontractor.

NEC3 Service Contracts



NEC Title	Abbreviation	Brief Description
NEC3: Term Service Contract	TSC 	This contract should be used for the appointment of a supplier for a period of time to manage and provide a service.
NEC3: Term Service Short Contract	TSSC 	This is an alternative to TSC and is intended for more straight-forward projects where sophisticated management techniques are not required.

NEC Use Examples



Contract Type	Complex		Simple	
Supply of goods	SC	Supply of all the street lighting for a highway maintenance area	SSC	Supply of individual street lights
Professional services	PSC	Design of a traffic management system for a road network	PSSC	Employing a designer to support an in-house team of designers under the direction of the in-house team
Works	ECC	Installation of electric vehicle charge points	ECSC	Minor repairs to vehicle charging points
Services over a period of time	TSC	Maintaining the street lighting, Speed enforcement cameras, etc	TSSC	Replacement of ANPR cameras

- Guidance Notes & Flow Charts
 - to support all the NEC3 contracts
- NEC Procurement and Contract Strategies
 - a guide for users in application of NEC3 contracts in different procurement and contract strategies



Q1 – What is it we wish to procure?

- Supply of goods? (SC or SSC)
- Professional services? (PSC or PSSC)
- Works? (ECC or ECSC)
- Services over a period of time? (TSC or TSSC)

Q2 – Complexity

- Is the work simple or complex?
- Does it require sophisticated management processes?
- Is it low risk?

NEC Options

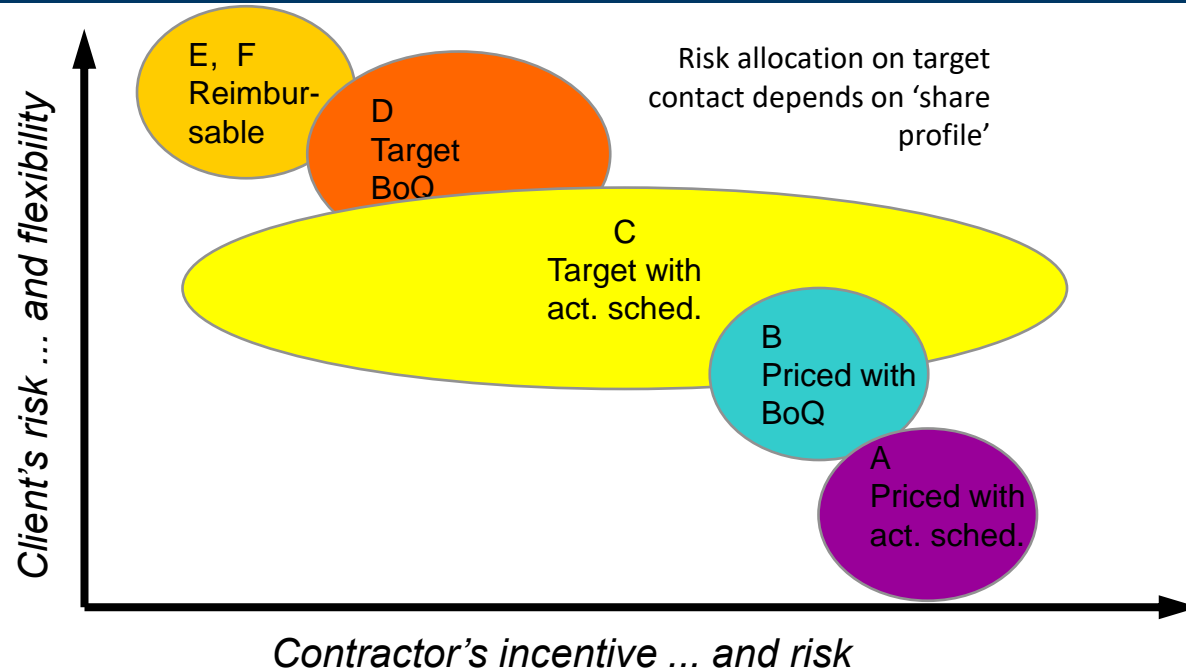


Contract Type	Complex		Simple	
Supply of goods	SC	Supply Contract	SSC	Short Supply Contract
Professional services	PSC	Professional Services Contract	PSSC	Professional Services Short Contract
Works	ECC	Engineering and Construction Contract	ECSC	Engineering and Construction Short Contract
Services over a period of time	TSC	Term Services Contract	TSSC	Term Services Short Contract

Q3 – What main Option do you want?

- **Options A and B;** these are priced based contracts with the risk of carrying out the work at agreed prices being largely borne by the Contractor.
- **Options C and D;** these are target cost contracts in which the out-turn financial risks are shared between the Employer and the Contractor in an agreed proportion.
- **Option E and F;** these are cost reimbursable types of contract with the financial risk largely taken by the Employer.

Main options – estimating and efficiency risk



NEC contract option choices



Contract	Core Clauses	Main Option							W1 or W2	Secondary Options
		A Priced Contract with Activity Schedule	B Priced Contract with Activity Schedule	C Target Contract with Activity Schedule	D Target Contract With Bill of Quantities	E Cost reimbursable	F Management Contract	G Term contract		
SC	✓	x	x	x	x	x	x	x	✓	X1,2,3,4,7,12,13,14,17,20, Y(UK)1, Y(UK)3, Z
SSC	✓	x	x	x	x	x	x	x	X	Not used
PSC	✓	✓	X	✓	X	✓	X	✓	✓	X1,2,3,4,5,6,7,8,9,10,11,12,13,18,20, Y(UK)2, Y(UK)3, Z
PSSC	✓	x	x	x	x	x	x	x	X	Not used
ECC	✓	✓	✓	✓	✓	✓	✓	x	✓	X1,2,3,4,5,6,7,12,13,14,15,16,17,18,20, Y(UK)1, Y(UK)2, Y(UK)3, Z
ECSC	✓	x	x	x	x	x	x	x	X	Not used
TSC	✓	✓	x	✓	x	✓	x	x	✓	X1,2,3,4,12,13,17,20, Y(UK)1, Y(UK)2, Y(UK)3, Z
TSSC	✓	x	x	x	x	x	x	x	X	Not used

Q4 – Select Dispute Resolution Options

- W1 – Dispute Resolution Process (unless UK HGCRA 1996 applies)

Or

- W2 - Dispute Resolution Process (used in the UK when the HGCRA 1996 applies)

Secondary Options



Q5 – Select secondary options you wish to apply?

(PSC/ECC and TSC – no secondary options for SC or the short forms)

Secondary Option	Description	PSC	ECC	TSC
X1	Price adjustment for inflation	✓	✓	✓
X2	Changes in the law	✓	✓	✓
X3	Multiple currencies	✓	✓	✓
X4	Parent company guarantee	✓	✓	✓
X5	Sectional Completion	✓	✓	✓
X6	Bonus for early Completion	✓	x	x
X7	Transfer of rights (PSC)	✓	x	x

Secondary Option	Description	PSC	ECC	TSC
X8	<i>Collateral warranty agreements</i>	√	X	X
X9	Transfer of rights	√	X	X
X10	<i>Employer's agent</i>	√	X	X
X11	Termination by the <i>Employer</i>	√	√	√
X12	Partnering	√	√	√
X13	Performance bond	√	x	x
X14	Advance payment to the <i>Contractor</i>	X	√	x

Secondary Option	Description	PSC	ECC	TSC
X15	Limitation of the <i>Contractor's</i> liability for his design to reasonable skill and care	X	√	X
X16	Retention	X	√	X
X17	Low performance damages	x	√	√
X18	Termination by the <i>Employer</i>	√	√	√
X19	Partnering	x	√	√
X20	Key Performance Indicators	√	√	√


Secondary Option	Description	PSC	ECC	TSC
Y(UK)1	Project Bank Account	X	✓	✓
Y(UK)2	HGCRA 1996	✓	✓	✓
Y(UK)3	The Contracts (Rights of Third Parties) Act 1999	✓	✓	✓
Z	<i>Additional conditions of contract</i> (do you have any additional special requirements?)	✓	✓	✓

Putting it all together



- Core Clauses 1 to 9
- Select main Option
- Select W1 or W2
- Select secondary Options

- If you need general advice about using Crown Commercial Service please contact our helpdesk:
- You can also learn more about our range of commercial deals and latest

 0345 410 2222

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NEC support services



- Contracts & books
- Licensing/digital
- Training
- Users' Group
- Newsletters
- Project support services
- Seminars & roadshows



ANY QUESTIONS?





NEC Users' Group

Connecting and supporting the international NEC community

Technical support and tailored consultancy from NEC experts

Free or discounted access to a range of NEC products and services

Events, training and newsletters

Dedicated local support in the UK, Asia Pacific and Australasia



necontract.com/usersgroup



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