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nec4 | **Improvement**
through collaboration

Webinar: revealing NEC4

Peter Higgins and Ian Heaphy

Speakers



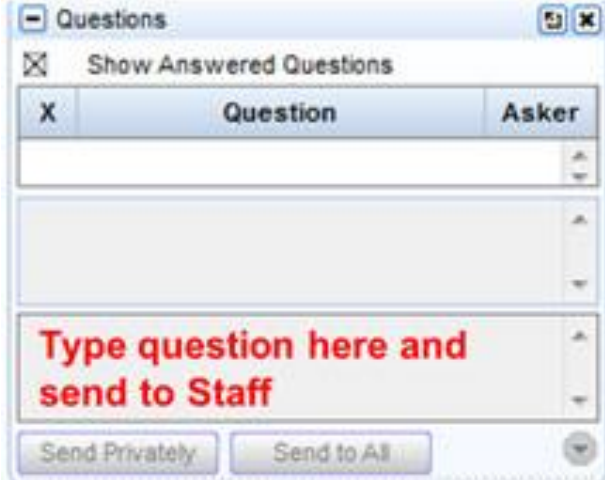
Peter Higgins
NEC4 Contract Board
Chair



Ian Heaphy
NEC4 Contract Board
member

Agenda

- The evolution of NEC
- Why NEC4
- The NEC4 suite of contracts
- NEC4 improvements, changes and new features
- Q&A



X	Question	Asker

Type question here and send to Staff

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1. NEC3

2. NEC4

next generation for
tomorrow's challenges

NEC History

nec[®]

nec2

nec3

nec4

1986
NEC
draft starts

1993
NEC
is published

1995
NEC2
is published

1996
HS1 kicks-off
using **NEC2**



2005
NEC3
is published

British
Government
endorses
NEC3

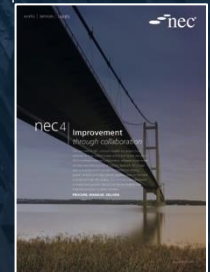


2006
Hong Kong
Government
starts using
NEC3



2013
NEC3
is updated
for its 20th
anniversary

2017
NEC4
Is published



NEC3

NEC3 suite of contracts (June 2005)

Endorsed by:

- Construction Clients Board, Cabinet Office
- Crown Commercial Services, Cabinet Office
- Facilities Management Board, Cabinet Office
- Association for Project Management
- British Institution of Facilities Management

Recommended by:

- Hong Kong Development Bureau
- South African Construction Industry Development Board
- Institution of Civil Engineers



NEC4 – Next generation contracts

NEC4

The suite builds on the
success of NEC3.

The contracts meet new market
demands, the expectations of
future users.

NEC4 aims



Evolution not revolution

Encourage success, not just consequences of failure

Many things remain unchanged:

Use of plain English & present tense

Projects are increasingly delivered by companies, people and supply chains from across the world

Ease and accuracy of translation

Understanding by people whose first language is not English

NEC4 contracts suite

Contracts (14)

ECC & ECC Short

ECSUB & ECSUB Short

TSC & TSC Short

PSC & PSC Short

Supply & Supply Short

Dispute Resolution
Service

Framework

DBO

Alliance

New

NEC4 – Improvements

NEW: NEC4 Design, Build and Operate Contract (DBO)

Benefits

Combines responsibility for usually disparate functions – design, construction, operation or maintenance to support operational requirements procured from a single supplier.

Features

Include a range of services

- Design and build
- Operation of the asset
- Or straightforward facilities management type services



NEC4 – Improvements

NEW: NEC4 Alliance Contract (ALC)

Benefits

For all parties to work together in achieving Client objectives, and share in the risks and benefits of doing so.

Features

- Built on NEC principles and structure of other NEC4 contracts with familiar provisions, management processes and terminology
- Next stage for ICG Alliancing code of practice
- Suited for large complex projects
- Basis for all parties to work together in achieving client objectives and share benefits
- Multi-party contract based upon integrated risk and reward model
- Single collaborative contract with a number of participants to deliver a project/programme



NEC4 next generation contracts



NEC4: new features

NEW Information Modelling (BIM) Option

Benefits

To support the use of Building Information Modelling

Features

- A secondary option for information Modelling
- Provides additional clauses to support the management of Information Model Requirements
- Deals with issues of Information Model and information ownership, and liability of the parties



NEC4: new features

NEW Contractor's design and build option

Benefits

Contractor's design duty has been aligned with industry standard for designers

Features

- A new secondary option for the ECC and ECS
- Professional indemnity insurance to be provided by the Contractor
- Intellectual property ownership and license to use material
- Retention of documents / design information

NEC4: new features

NEW Finality of assessments (payment)

Benefits

Commercial closure of the contract

Features

- New procedures to reach agreement on the final amounts due under the contract
- For cost based contracts (main options C,D and E) – the Contractor can instigate a review and acceptance of it's Defined Cost as work proceeds. PM review within 13 weeks
- The PM issues a final assessment of payment due to the Contractor within 4 weeks of the Defects Certificate

NEC4: new features

NEW Consensual dispute resolution

Benefits

To encourage and support parties in resolving any dispute or difference consensually.

Features

- 4-week period for escalation and negotiation of a dispute, prior to formal proceedings
- Senior representatives of each party to meet and discuss
- Mandatory where dispute resolution option W1 applies, consensual where W2 applies (UK HGCRA)

NEC4: new features

NEW Dispute Avoidance Board Option

Benefits

To encourage and support parties in resolving any dispute or difference consensually.

Features

- Dispute avoidance option introduced
- DAB members become familiar with the project prior to any dispute arising
- The DAB help parties find a solution to disputes
- They provide a recommendation to resolve the dispute if it is not resolved by discussion
- Parties can accept the recommendation, it is not binding
- No provision for adjudication.

Other new features.....

Contractor's proposals

**Undertakings to
Others (collateral
warranties) – new
secondary option**

**Bribery and
corruption clauses**

**Confidentiality and
publicity clauses**

**Transfer of benefits
(assignment) clauses**

Quality management

NEC4: other changes

- Terminology changes, for example:
 - ‘Employer’ is replaced with ‘Client’
 - ‘Scope’ is used in all contracts for the document which describes the work being provided
 - NEC4 contracts are gender neutral
- Schedules of Cost Components and Fee – simplified
 - Only one SCC in Options C,D and E
 - Only one Fee %
 - The Working Areas Overhead and People Overhead in the SCC and SSCC respectively have been removed



NEC4: other changes



Contract Data

Re-formatted –
easier to navigate

Better for use with
computer software



Programme

Treated acceptance' of
the Contractors
programme



Guidance notes

Updated and
consolidated

Transition from NEC3 to NEC4

NEC3 will continue to be supported..... We recognise the commitment to NEC3 by industry

- NEC3 users will be encouraged and supported to make the transition to NEC4 and take advantage of its new features
- Transition should be easy as NEC4 follows on from NEC3 and is not a NEW CONTRACT SUITE
- NEC4 should reduce the use of Z clauses therefore additional time and costs to the business
- Roll out of material and services from NEC to assist the transition
- Free Webinars, member workshops and material from NEC website will be made available to industry to ease the transition
- Identify early adopters and support in the transition

NEC Users' Group Annual Seminar 2017

22 June - County Hall, London

Official launch event of NEC4

Attendees will receive a copy of the NEC4 ECC



Questions?



Next NEC4 webinar: The Project Manager in the NEC4 ECC: what's new and different?

17 May 2017, 13:00 BST



Robert Gerrard
NEC Users' Group Secretary



Richard Patterson
NEC4 drafter

Register at necontract.com/webinars

Pre-order NEC4

Pre-order your hard-copies of NEC4 ahead of launch guaranteeing you'll have it dispatched following the release.

There's also a special 10% off discount for pre-orders.



NEC workshops

Understanding the (NEC3
ECC) Schedules of Cost
Components

& Preparing quotations for
compensation events

Understanding the (NEC3
ECC) Schedules of Cost
Components

& Mock adjudication and
mock mediation

London

18 May
2017

Glasgow

31 May
2017

Hong Kong

16 June
2017

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