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QUESTIONS & ANSWERS ON NEC3 CONTRACT

What is the NEC3 Contract?

Comprehension and utilisation of the programme effectively drive successful outcomes, which are crucial elements to any construction contract and frequently can be maladministered.

ECC makes a point of law on the management of the programme, which involved parties should not overlook.

Clause 31.2C is on the management of the contract programme is the longest in the whole Contract.

NEC3 contracts cover the complete project life cycle from tendering to completion.

NEC3 defines legal relationships and procurement of works through project completion.

How do NEC contracts work?

NEC is a project management tool defining principles and practices, and relationships.

The arrangements are suitable for procuring a diverse range of works, services and supplies, ranging from significant framework projects through to minor works and the purchase of supplies and goods.

What is NEC Contract option A?

Option A is a priced contract with an activity schedule where the contractor essentially bears the risk of carrying out the work at the agreed prices. This document contains all the clauses, the shorter schedule of cost components and contracts data relevant to an option A contract.

Is the NEC option a lump sum?

Option A is a priced contract with an activity schedule, Lump sum price for the Works.

The lump-sum may change if a "Compensation Event occurs or the Employer varies the Works". Option B – priced Contract with the bill of quantities.

Credit attributed to NEC - <https://www.neccontract.com/NEC3-Products/NEC3-Contracts/NEC3-Engineering-Construction-Contract/NEC3-Engineering-and-Construction-Contract-ECC/NEC3-Engineering-and-Construction-Contract-Option>

What are the three types of contracts?

The three most common contract types include:

- Fixed-price contracts.
- Cost-plus contracts.
- Time and materials contracts.

What is the difference between NEC3 and NEC4?

The NEC3 clause required the contractor to inform the Project Manager of an illegal requirement, whereas in NEC4, the Contractor "does not do a Corrupt Act," and there is now the option to terminate in the event a Corrupt Act is carried out.

Who uses NEC contracts?

The NEC is widely used in South Africa, where it is one of four construction contracts endorsed by the government. Its use is developing in New Zealand, and it has been used successfully in Australia and India. NEC is also being used in the Netherlands for the International Criminal Court (ICC) buildings².

Who created the NEC contract?

Institution of Civil Engineers

The New Engineering Contract (NEC), of which the Engineering and Construction Contract (ECC) form a part, is a suite of standard form construction contracts created by the Institution of Civil Engineers. There have been three editions: 1993, the second in 1995 and the most recent – NEC3 – in June 2005.

What is the advantage of NEC contracts?

With a complex structure of options, the NEC3, arguably, offers greater flexibility and adaptability; it is a form of Contract that benefits from having a sophisticated client. NEC3 provides clarity, simplicity and flexibility of use.

Why are there NEC contracts?

The contracts are written in plain English with a straightforward structure and are designed to be easily understood. In addition, NEC contracts aim to prevent costly disputes. First developed in 1993, they were intended to replace typical construction contracts that had been largely 'adversarial' in approach.

Why was the NEC contract created?

NEC was first published in 1993 as the New Engineering Contract. It is a suite of construction contracts intended to promote partnering and collaboration between the contractor and client.

What is a cost-reimbursable contract?

Contracts & Legal

Definition: A cost-reimbursement contract is a contract where all allowable contractor expenses are covered to an agreed-upon limit and an additional payment for a profit.

Is NEC3 Option B re-measurable?

Is a CE required under Option B to re-measure and assess changes to the works? ... However, under option B for existing rates, it is not a straight case of re-measurement. Clause 60.5 and 60.6 describe the trigger points for when the CHANGED quantities are assessed at Defined Cost + Fee and then put in BoQ format.

Is the NEC option a fixed price?

How does the payment process work in NEC contracts? Dependent upon which main option you are working with.

Option A is a fixed price lump sum contract, and interim payments are based upon completing activities included in an Activity Schedule.

What is a defect under NEC3?

'Defect is defined in the NEC3 contract terms as a part of the works not following the works information. The case, therefore, provides a valuable reminder about the importance of making sure that you understand everything that is set out in the NEC3 works information or NEC4 scope.

Can a contractor refuse an instruction NEC?

The contractor can instruct you to provide a revised quotation, giving reasons, or telling you it will make its assessment.

However, the contractor cannot ask for more information, and you are not required to provide it.

The completion date, who decides?

The employer is required to certify the date when completion is achieved; see ECSC clause 30.3. The completion date is the contractual date by which the contractor is obliged to reach fruition, see clause 30.1.29

What are the seven elements of a contract?

Seven essential elements must be present before a contract is binding: the offer, acceptance, mutual assent (also known as "meeting of the minds"), consideration, capacity, and legality. Contracts are typically in writing and signed to prove all of those elements are present.

What are the types of contracts?

Types of contracts

- Written contracts.
- Verbal contracts.
- Part verbal, part written contracts.
- Standard form contracts.
- Period contracts.
- Attaining contract advice.

What are the main contract types?

- Commercial Contract.
- Domestic building contract.
- Percentage rate contract.
- Item rate contract or Unit price contract.
- Lump-sum and scheduled Contract.
- Cost-plus fixed-fee Contract.
- Cost-plus percentage of cost contract.
- Subcontract agreement.

What is the difference between JCT and NEC contracts?

JCT provides separate contracts for employer-design or contractor-design. In addition, NEC identifies a state at completion defined within the works information, unlike JCT, which relies upon a subjective judgement of practical completion determined at the time.

Is NFPA 70 the same as NEC?

The National Electrical Code (NEC), or NFPA 70, is a regionally adoptable standard for the safe installation of electrical wiring and equipment in the United States. ... The NEC should not be confused with the National Electrical Safety Code (NESC) published by the Institute of Electrical and Electronics Engineers (IEEE).

What is NEC procurement?

NEC is a family of standard contracts, each of which has these characteristics: • Its use stimulates good management of the relationship between the two parties to the agreement and, hence, of the work included in the Contract. • It can be used in a wide variety of commercial situations, for a wide.

Why is there a new engineering contract?

It enhances the efficiency of contract management. The new engineering contract covers contracts of different types and works categories and adopt other payment options of the NEC form for DEVB to assess using this form in public works contracts comprehensively.

What is NEC4 ECC?

Description. The NEC4 Engineering and Construction Contract (ECC) was developed to be used in the engineering, building and construction industries. This Contract enables you to deliver projects on time, on budget and to the highest standards, from major infrastructure projects to highways construction.

Credit attributed to burges-salmon.com - <https://www.burges-salmon.com/news-and-insight/legal-updates/nec4-ecc-payment-mechanism-contractors-and-project-managers-beware/>

Different Types of Contracts: Everything You Need to Know

A contract is an agreement between two entities or individuals, which serves as legal protection for both parties involved in a potential business deal.

1. Lump Sum or Fixed Price Contract Type
2. Cost Plus Contracts
3. Time and Material Contracts When Scope is Not Clear
4. Unit Pricing Contracts
5. Bilateral Contract
6. Unilateral Contract
7. Implied Contracts
8. Express Contracts
9. Simple Contract
10. Contract Under Seal
11. Unconscionable Contracts
12. Adhesion Contracts
13. Aleatory Contracts

Credit attributed to upcounsel.com - <https://www.upcounsel.com/different-types-of-contracts>

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