

Fifth national construction conference – Construction Category 2018

JCT and NEC:

What's the difference and does it matter?

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What is NEC – a recap

- ❑ A full suite of contracts for the delivery of
 - projects (works)
 - services (both work and professional)
 - supply
 - standard and low risk contracts
- ❑ Multidisciplinary
- ❑ International
- ❑ Emphasis on
 - management of the contracts
 - flexibility
 - clarity – language style format



and.....?

- ❑ Different culture
- ❑ “Mutual trust and co-operation”
- ❑ Less confrontational
- ❑ Can any contract document deliver this?



Multidisciplinary

- Modern contracts are not just all “building”
 - for example, total facilities management
- Therefore contracts can be used across the whole *Client* procurement strategy with same
 - terminology
 - language
 - meaning
 - processes
 - managers

International

- ❑ Not written for any legal jurisdiction
- ❑ So processes need adding for, for example
 - CDM
 - EU procurement
 - Freedom of Information
 - General Data Protection
- ❑ Some are provided especially for UK
 - “Construction Act”
 - Project Bank Accounts
 - 3rd Party Rights Act
- ❑ Some amendments are inevitable – so how are they managed?

Flexibility

- ❑ Modular approach to risk management
- ❑ Development of appropriate contract strategy
- ❑ But this leads to the *Client* developing procedures for the detail
- ❑ Core processes common to all contracts
- ❑ Principle “engine” is the pricing model
 - price vs cost Options
- ❑ Carried on down the supply chain



Management

- ❑ The NEC is not just legal rights, obligations and remedies
- ❑ It is an aid to proactive, co-operative management of the contract
- ❑ Introduction of *Project Manager* or *Service Manager*
- ❑ Actions clear
 - no “in the opinion of the contract administrator”
 - reasons for decisions and responses described
- ❑ Very strong emphasis on the programme and plan
- ❑ Contract responsibilities still clearly defined and allocated – only the Alliance contract is shared risk



Final thoughts

- ❑ Do not consider NEC just like a JCT but in different language
- ❑ Do consider the appropriate contract strategy
- ❑ Do remember the Scope and other documents need to be written carefully
 - do use correct terminology, and remember no cross referencing or priority of documents
 - provide the appropriate procurement resource
- ❑ Do keep “on top” of the contracts during their life
- ❑ Do resource NEC contracts adequately

And finally

Any Questions?



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