

**nec4** | **Improvement**  
*through collaboration*

## Engaging Subcontractors Using NEC4 Contracts



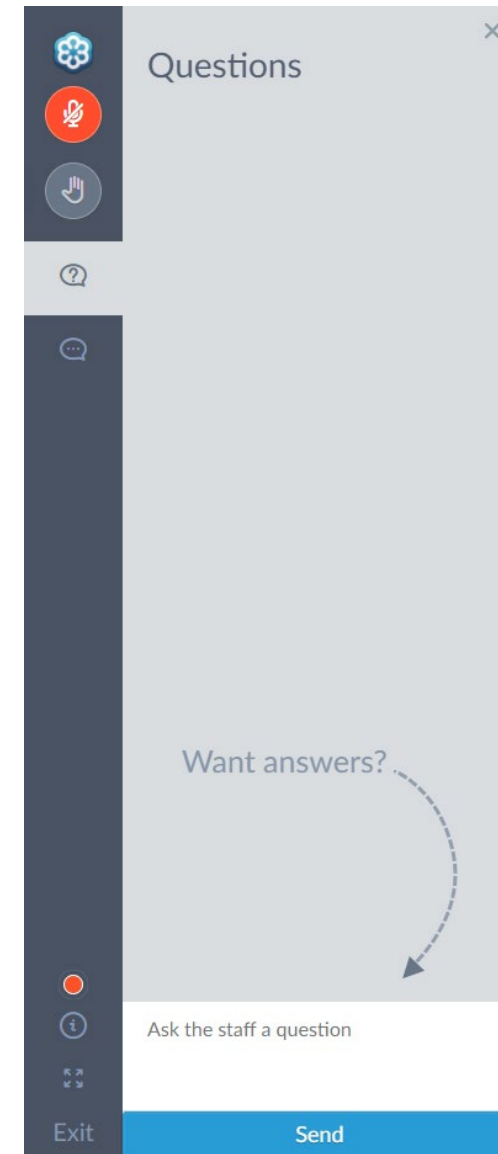
Robert Gerrard  
NEC Users' Group Secretary



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NEC4 Drafter and Consultant

# Housekeeping

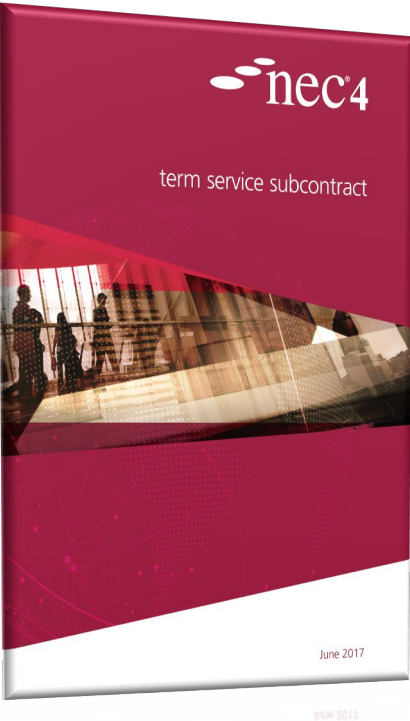
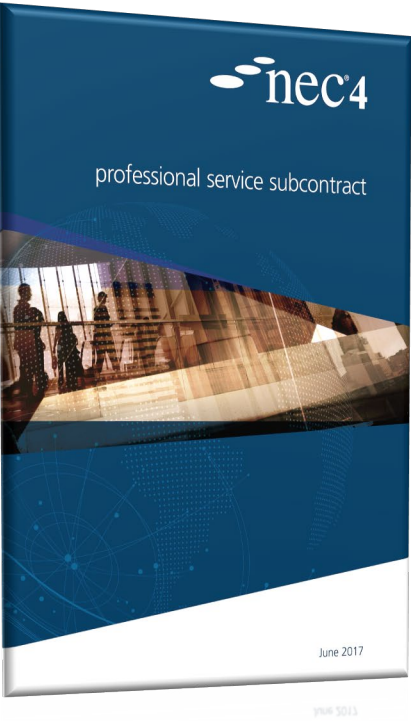
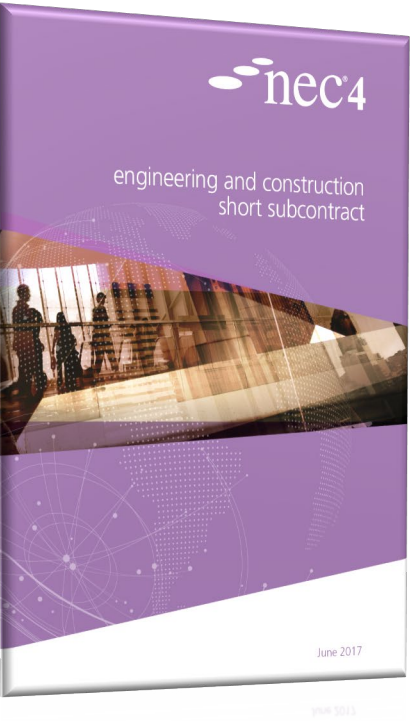
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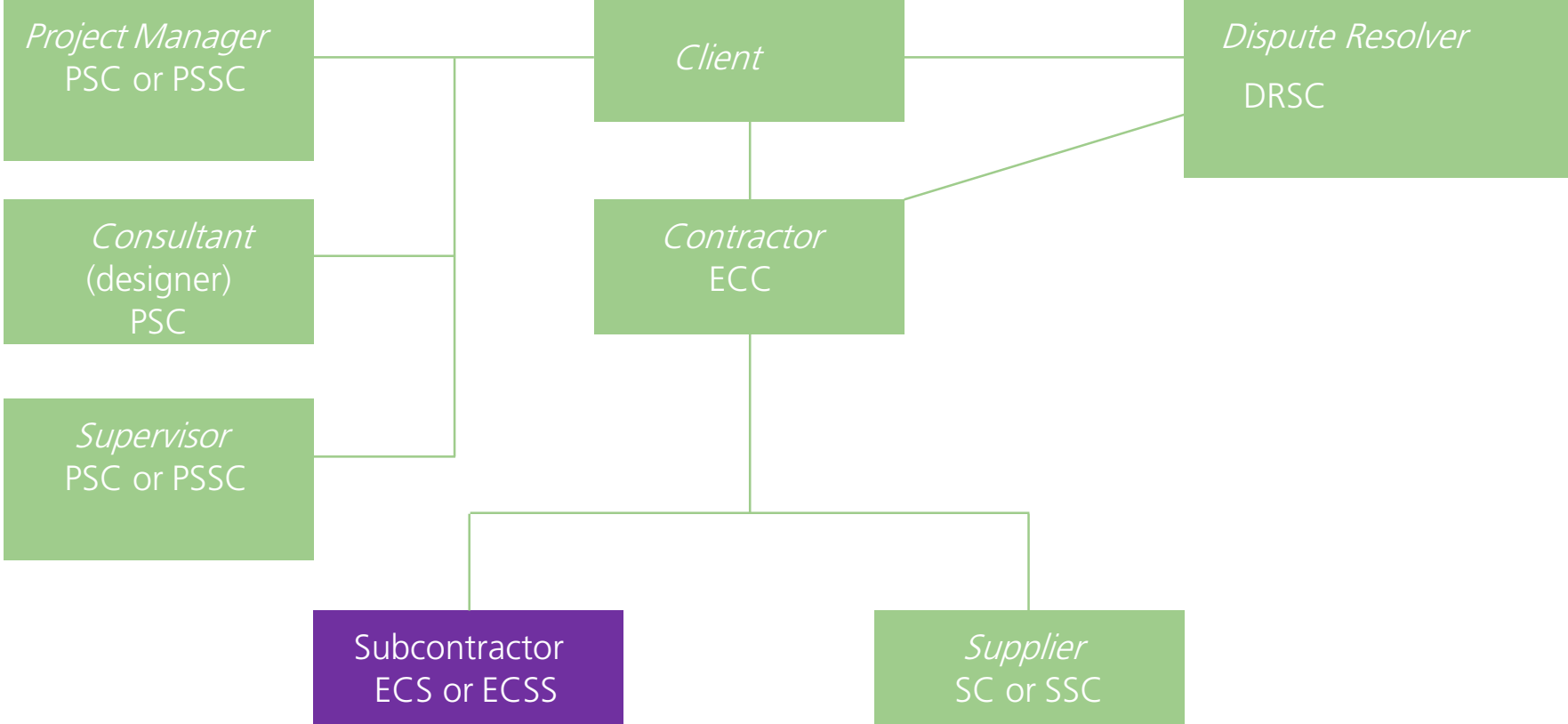
## In today's webinar we will discuss.....

- Deciding on the best NEC4 subcontract
- Preparing high quality NEC subcontract documents
- Effective management of a Subcontractor

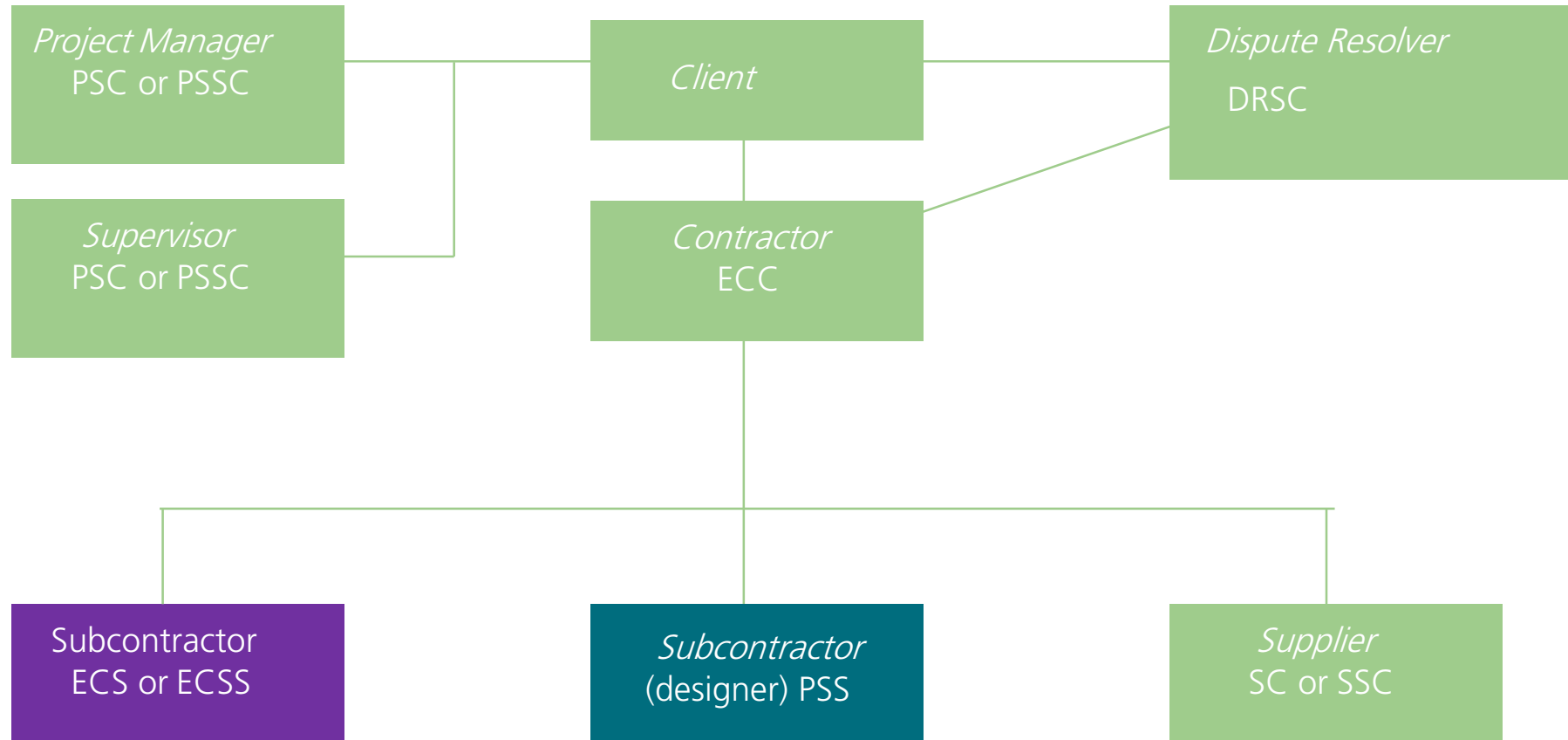
# Deciding on the best NEC4 subcontract



Typical **Client** designed arrangement



## Typical Design and Build arrangement

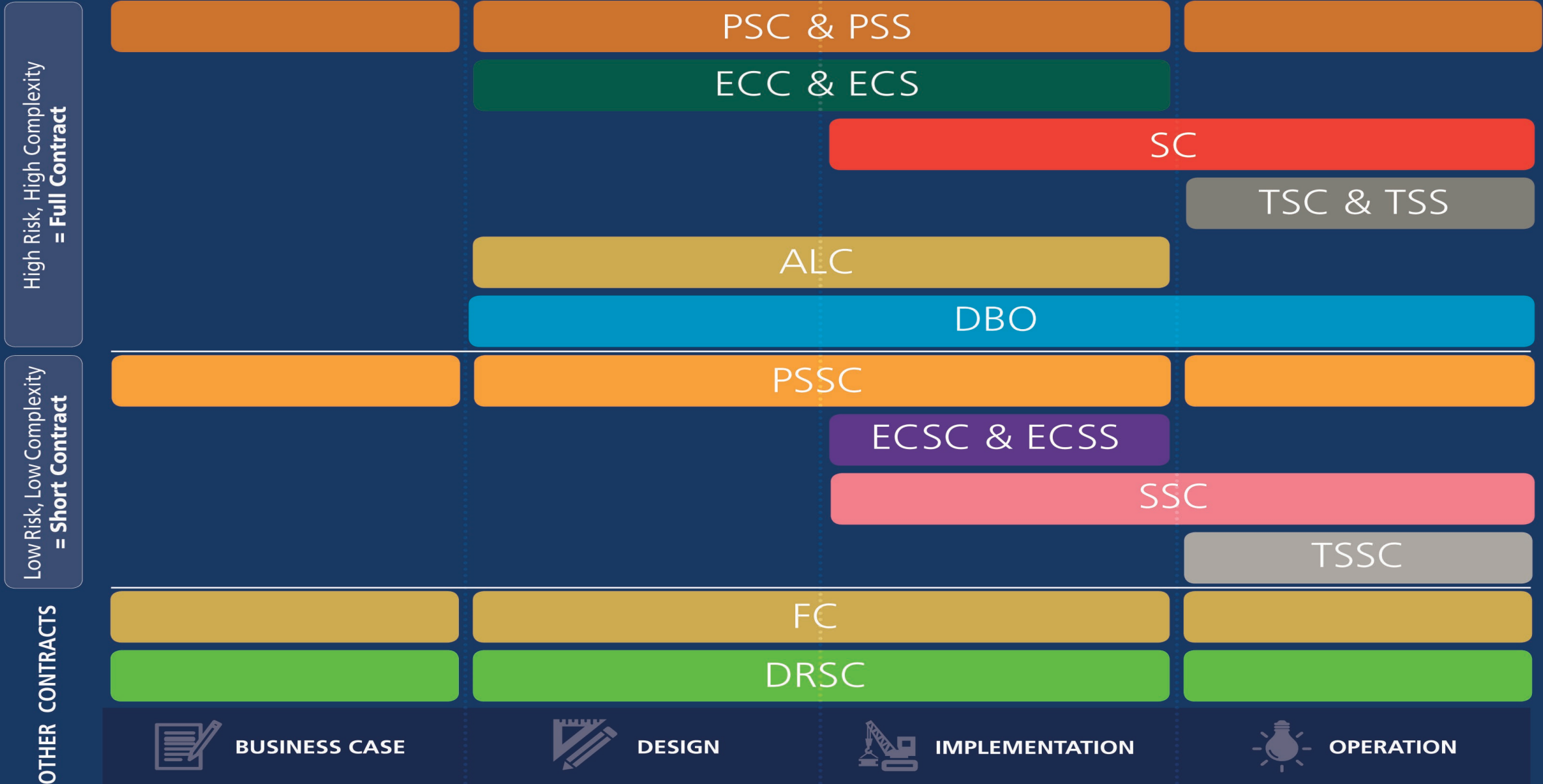


## Deciding on the best NEC4 subcontract

Approach similar to any contract strategy - consider the

1. nature of the works or services,
2. complexity and scale of the works or services,

# When and where to use the NEC Contracts





## Deciding on the best NEC4 subcontract

Approach similar to any contract strategy - consider the

1. nature of the works or services,
2. complexity and scale of the works or services,
3. flow down constraints (if any) from the main contract Scope and
4. the 3 Rs: risk allocation, resourcing, reporting...

What is important to the *Contractor*?

- price certainty,
- value for money or
- a mix of both?

What are the *Client's* objectives?

What are the *Contractor's* known risks?

Which of these is it appropriate for the Subcontractor to carry?



What resources do we have access to?

What contracting strategies and 'Options' do these open up?

How far can we empower these resources?

Are there governance issues or other local context that we need to allow for?



How will we report on the contract? What's expected by when?

Do we need to capture certain records in a particular way?

What format to receive and provide programme, forecasts, applications, CE quotations etc.?

What does Scope and Subcontract Scope say?



## Deciding on the best NEC4 subcontract

Consider synergies:

- Best subcontracting strategy may be influenced by how the main contract is setup and the resources already established for it.
- Repetition and consistency likely to reduce overhead (e.g. not operating two schedules of cost components)
- Key dates (more on these later)

## Preparing high quality NEC subcontract documents

Use the applicable

# Volume 2: User Guide

**on preparing your contract**

[User Guides are for main contracts. A chapter deals with the differences between main and subcontract forms – they are applicable in every other respect.]

# Preparing high quality NEC subcontract documents

## Example: Engineering and Construction Subcontract

[Chapter 7 of User Guide, Volume 2 preparing an ECC]

- Terminology table
  - contract = subcontract
  - Contract Data = Subcontract Data
  - Completion Date = Subcontract Completion Date
  - Subcontractor = Subsubcontractor
  - Provide the Works = Provide the Subcontract Works
  - *language of the contract = language of the subcontract*



# Preparing high quality NEC subcontract documents

## Example: Engineering and Construction Subcontract

[Chapter 7 of User Guide, Volume 2 preparing an ECC]

- Subcontract Data checklist
  - No main Option F, W3 or X22
  - The *works, Client, Project Manager, Supervisor* etc. should be the same as the equivalent entries in the main contract
  - Subcontract Scope likely to comprise elements from the (main contract) Scope
  - *period for reply* – remember here the general differences in timings between main and subcontracts to allow them to work together
  - and so on...



## Effective management of a subcontractor

Use the applicable

# Volume 4: User Guide

**on managing your contract**

[User Guides are for main contracts. A chapter deals with the differences between main and subcontract forms – they are applicable in every other respect.]

# Effective management of a subcontractor

## Example: Engineering and Construction Subcontract

[Chapter 1 of User Guide, Volume 4 managing an ECC]

- Terminology recap on *works*, *starting date*, Completion Date and Scope
- Reinforces these are all prefixed 'subcontract' to avoid confusion
- Subcontract time periods adjusted to allow for associated actions under the main contract
  - Time limits for subcontractor sending information to *Contractor* reduced
  - Time limits for decisions or payments increased

# Effective management of a subcontractor



Align main and subcontract intervals for programme, early warning meetings, forecasts of Defined Cost and payment

*Supervisor* may attend tests and inspections

Slick notification of Defects

Consider use of a communication system / CDE

Project Bank Account



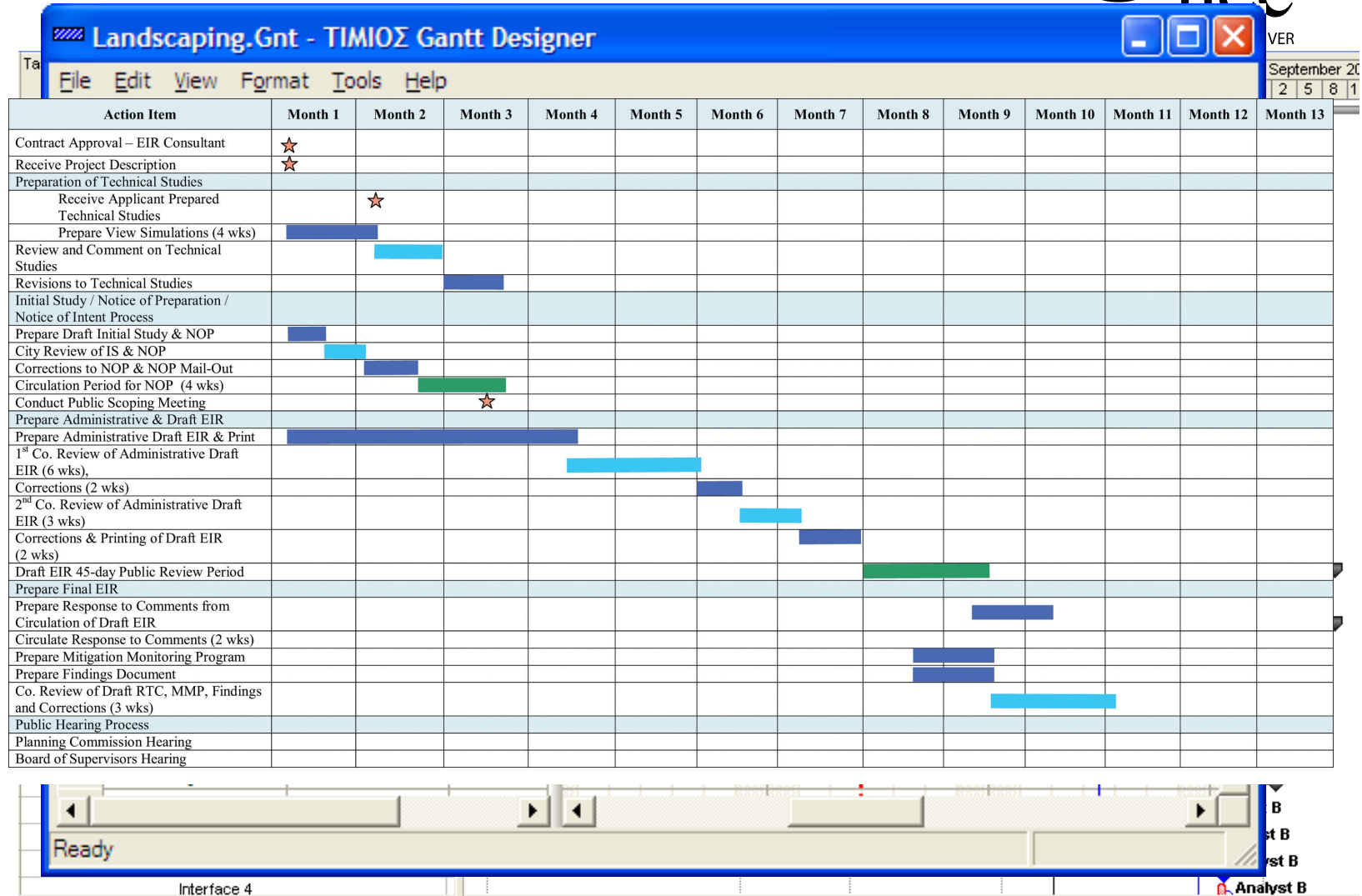
Multi-contract projects are coordinated through use of Key Dates, by which stated conditions have to be met

If *Contractor* decides (25.3) work does not meet Condition stated for a Key Date by the date stated then

Additional cost in carrying out work, or paid to *Client* / Others

Is paid by *Subcontractor*

Optional – no obligation to use Key Dates



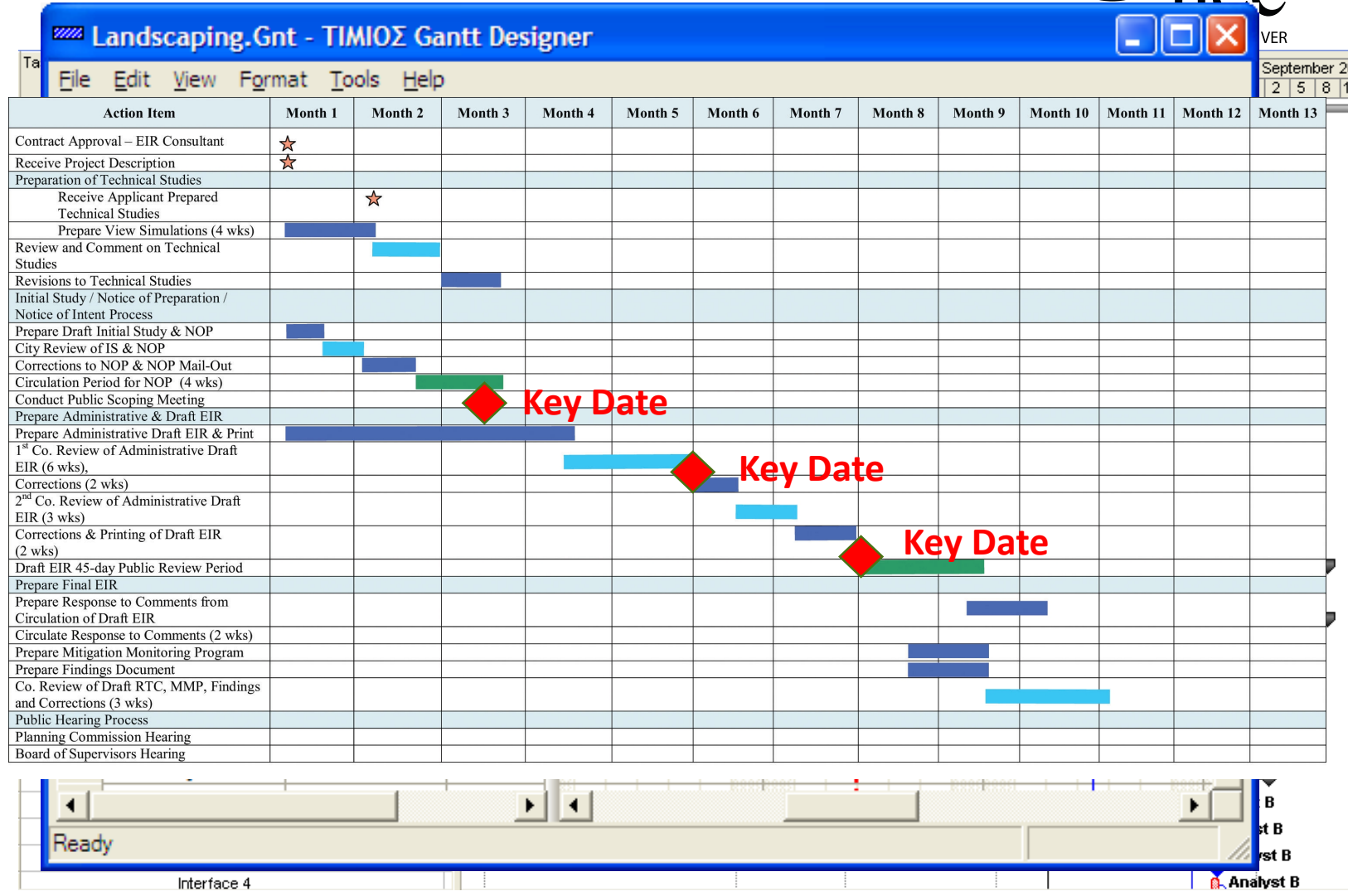
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# Questions?







# Coming soon NEC4: Facilities Management Suite

In a joint initiative NEC and IWFM have developed an industry specific set of contracts for the procurement of facility management services.

Find out more   
[neccontract.com/nec4fm](http://neccontract.com/nec4fm)





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**NEW**

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14th January 2020

NEC4: ECC Supervisor Accreditation

17th March 2020

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