

How NEC Contracts Support the Construction Playbook

NEC has written series of short articles to explain how NEC4 contracts can be used to deliver key policies contained in the Construction Playbook, as published by the UK government.

Article 1

Key policy: Delivery model assessments

“The right delivery model approach enables clients and industry to work together to deliver the best possible outcomes by determining the optimal split of roles and responsibilities.”

The selection of the right delivery model for any project or programme is key to successful outcomes. The delivery model will be unique to each client, project and programme depending upon all the circumstances and project or programme goals.

The Construction Playbook states that the delivery model should be decided prior to identifying a contract solution. In other words, the contract solution needs to support the delivery model, not the other way round.

Examples of things that form part of the delivery model assessment include:

- The *Client's* role, e.g. hands-on or hands-off, and governance arrangements
- The *Client's* capability and capacity for in-house project or programme management
- The extent to which the *Client* wants to specify the design
- The work breakdown structure / packaging of the works (EPC, DBO, multiple packages etc.)
- Any requirements for net zero, innovation, modern methods of construction or digital solutions
- The capacity and capability of the supply chain
- The benefits that can be obtained from collaboration
- How risks could impact delivery and how to allocate risk for best value outcomes
- How the whole-life of an asset should be managed

There are a wide range of contracting options in the NEC4 suite of contracts and flexibility is built into each contract type to allow for different approaches to be adopted. This is valuable in helping clients put together the right contract solutions to deliver their unique project or programme requirements.

The NEC User Guide (Volume 1) titled “Establishing a procurement and contract strategy” is helpful in this exercise. It explains how NEC contracts and the options within them can be used to support a wide range of delivery models.

The suite of NEC4 contracts allows clients to form a contract strategy for the whole lifecycle of a project or programme. NEC provides professional service contracts, engineering and construction contracts, subcontracts, supply contracts, term-service contracts, an FM contract, an alliance contract, a framework contract, a design-build-operate contract, and even a dispute resolution service contract. Using a single suite for the entire contract strategy provides consistency in how the contracts operate and how they are structured and written, as well as being familiar to all users. It also allows for the contracts to ‘fit together’ with the same ethos, processes and management procedures through the entire supply chain.

The allocation of design responsibility is flexible in the construction contracts and subcontracts and can be written to suit the precise requirements of each project and for each contract. The allocation of pricing risk is also flexible through the selection of main options.

NEC4 contracts also include secondary Options which enable users to bring further ingredients into the contracts to suit the delivery model and value objectives. For example, incentives to reduce whole life costs, to deliver outcomes linked to climate change, delivery to meet key programme dates or any other key outcome.

Acknowledgements

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