

# Choose the Right NEC Contract for Your Project

Your guide to NEC's collaborative contracting framework

From £100,000 maintenance contracts to £19 billion mega-projects – NEC offers flexible, clear contracts that deliver projects on time and on budget.

## STEP 1 What are you procuring?



### WORKS

Construction, refurbishment, infrastructure, engineering

→ See Step 2



### SERVICES

Professional services, consultancy, facilities management

→ See Step 3



### SUPPLY

Goods, equipment, materials, plant

→ See Step 4



### ALLIANCES

Framework arrangements, term contracts, alliances

→ See Step 5

## STEP 2 Works Contracts – Choose Your Complexity

### Complex, High-Value Projects

Major infrastructure, buildings, process plants

#### Engineering and Construction Contract (ECC)

Six payment Options (A-F)

Any level of design

Proven on Crossrail & London 2012

→ See Risk Allocation Options Below

### Straightforward, Lower-Risk Projects

Simpler works, lower complexity

#### Engineering and Construction Short Contract (ECSC)

Streamlined processes

Clear, accessible

Smaller-scale construction

### ECC PAYMENT OPTIONS – RISK ALLOCATION SPECTRUM

#### CONTRACTOR TAKES MOST RISK

##### Option A: Activity Schedule

Well-defined scope

Lump-sum

Fixed activity prices

##### Option B: Bill of Quantities

Detailed quantities

Payment on measured work

#### SHARED RISK (TARGET)

##### Option C: Target with activity schedule

Schedule some uncertainty

Pain/gain share

Cost incentives

##### Option D: Target with Bills of Quantity

Measured quantities

Shared risk mechanism

#### CLIENT TAKES MOST RISK

##### Option E: Cost Reimbursable

High uncertainty

Maximum flexibility

Emergency works

##### Option F: Management Contract

Construction management

Client retains control

Turbulent markets

## STEP 3 Services Contracts

### Professional Services

Engineering, architectural, project management, consultancy

#### Professional Services Contract (PSC)

Clear scope

Flexible payment

Integrates with ECC

#### Professional Services Short Contract (PSSC)

Straightforward services

Lower risk

Ongoing Services

### Ongoing Services

Long-term maintenance, facilities management, asset management

#### Term Service Contract (TSC)

Defined period

Service provision

Maintenance programmes

#### Facilities Management Contract (FMC)

Cleaning, catering, security

Standard & short versions

## STEP 4 Supply Contracts

### High-Value Goods

Complex plant, transformers, generators, rolling stock, cranes, gantries

#### Supply Contract (SC)

High-value goods

May include design

Clear delivery terms

### Lower-Risk Items

Building materials, products, stationery, PPE, parts

#### Supply Short Contract (SSC)

Streamlined procurement

Standard items

Quick implementation

## STEP 5 Multiple Projects or Alliances

### Framework Arrangements

#### Supply Contract (SC)

Appoint suppliers 'as instructed'

Lock in rates

Works with NEC & other contracts

#### Framework Alliance Contract (FAC-1)

UK GOV ENDORSED

Works with any contract form

Alliance Manager

£45bn+ proven

14% avg savings

Best for: Complex programmes requiring deep collaboration

### Term Maintenance & Service Alliances

#### Term Alliance Contract (TAC-1)

CIC ENDORSED

Integrates works, services & supplies

Order procedure

BIM integration

Clear incentives

Best for: Long-term relationships requiring continuous value improvement

### Other Alliance Options

#### Alliance Contract (ALC)

NEC4 Single multiparty contract

Shared risks & benefits

Fully integrated NEC4

#### Design, Build and Operate (DBOC)

Whole-life solution

Single accountability

Long-term value

### Key Features of Every NEC Contract



#### Mutual Trust & Cooperation

Core clause requiring collaborative spirit



#### Early Warning System

Identify risks before they escalate



#### Compensation Events

Fair, fast change management



#### Programme-Centric

Living document drives management



#### Plain English

Clear language for all participants



#### Customisable

Secondary options (X, Y, Z clauses)

### Support & Resources

#### NEC Training

Build accredited expertise

#### NEC Digital

Online contract drafting tool

#### Guidance Notes

Comprehensive support

#### Users' Group

400+ members worldwide

## NEC: The home of collaborative contracting

Endorsed by UK Government • Used worldwide across public and private sector

neccontract.com