

## Comparison of the Professional Service Short Contract (PSSC) with the Professional Service Contract (PSC)

### General

The PSSC is a simplified and shortened version of the PSC. It includes procedures which are simpler to manage and is appropriate for priced contracts of low risk and low complexity.

It has forms for *Client's Contract Data*, *Consultant's Contract Data*, *Price List*, *Scope*, *Consultant's Offer* and *Client's Acceptance*, integrated into a single document. If required, they can be developed as separate documents, but in that case the *Scope* and *Price List* need to be identified within the *Contract Data*.

The PSC allows a choice of payment options: prices for activities, target cost and cost reimbursable. There is no payment 'options' in the PSSC: instead, there is a 'Price List' which can be mix of lump sums and quantities multiplied by rates. The *Scope* can identify work to be carried out on a 'time charge basis'. The guidance notes states that a contract cannot include both priced items and work on a time charge basis.

The risk of any quantities in the *Price List* of the PSSC lies with the *Client*. The *Price List* is required to include the 'rules used to compile the *Price List*', and an instruction to correct a mistake in the *Price List* is a compensation event (clause 60.1(8)).

Whilst the PSC has several secondary *Options*, there are none in the PSSC, but additional conditions can be included by an entry in the *Contract Data*. *Delay damages*, which is an option in PCC, are included as standard in the PCSC. An amount for *delay damages* is entered in the *Contract Data*, which can be nil if it is not required. An additional clause is provided for contracts subject to the UK Housing Grants, Construction and Regeneration Act, affecting payment and adjudication provisions.

### Main differences in approach:

#### 1 General

- There is no *Service Manager* in the PSSC. All management roles are undertaken directly by the *Client*. The *Client* may appoint others and delegate specific actions to them.
- The PCSC has a simpler definition of 'Defined Cost' (used only for compensation events). There is no *Schedule of Cost Components*.

- There is no formal ‘Early Warning Register’ or ‘early warning meetings’, but clause 15.2 requires cooperation in considering proposals and for creating a record of ‘actions to be taken’.

## 2 The *Consultant's* main responsibilities

- There is no explicit control over subcontracting by the *Client* and no requirement for the *Consultant* to seek acceptance of a Subcontractor from the *Client*.
- The PSSC does not have any restrictions on disclosure or publicity. If required, this could be included in the Scope.

## 3 Time

- The PSSC does not include provisions for Key Dates or sectional Completion.
- The requirements for a programme and the amount of detail it is to include should be stated in the Scope (Cl 31.1). There is no provision for accepting programmes.
- There is no direct reference to a programme in the assessment of delays to the Completion Date caused by a compensation event.
- For simpler contracts a programme may not be needed, as the *Contractor* is required to provide a forecast of the date of Completion weekly (clause 30.2).
- There is no provision for acceleration in the PSSC.

## 4 Defects

- The PSSC does not include a requirement for a quality management system.

## 5 Payment

- The *Consultant* assesses the amount due (rather than the *Service Manager* under the PSC). The *Client* corrects the amount due if it has been incorrectly assessed.
- Delay damages are part of the contract and not an option. If not wanted, the Contract Data entry is set to ‘nil’.
- The PSSC has no provision for a final assessment; the last assessment made under clause 50.1 becomes the final assessment.

## 6 Compensation events

- The PSSC has a shorter list of compensation events, and the process is simpler than that in PSC.

- If the Consultant notifies a compensation event it is required to include its quotation with the notification. There is no separate stage of accepting the event as a compensation event before instructing a quotation.
- If the Client notifies a compensation event and instructs a quotation, the quotation is required in only one week (compared with three weeks in the PSC).
- The Consultant can include assumptions in its quotation, which if corrected prompts another compensation event. (In the PSC assumptions can only be stated by the Service Manager).
- There is no revised quotation. The Client has to either:
  - accept the quotation, including the Consultant's assumptions or
  - make its own assessment.
- If the Client does not respond to a quotation in two weeks, the quotation is 'treated as accepted'.

## 7 Rights to material

- The PSSC includes the same provisions as in the PSC

## 8 Liabilities and insurance

- The approach to allocating liabilities and the requirements for insurance in the PSSC are broadly the same as in the PSC.
- Unlike in the PSC *Client* liabilities are not compensation events.
- There are no provisions for submitting certificates of insurance or for dealing with failure to provide insurance.

## 9 Termination and resolving disputes

- There is no termination certificate. Either Party notifies the other of terminating the *Consultant's* obligation to Provide the Service and states the reason.
- Dispute resolution is by adjudication using a simplified version of Option W1 from the PSC.

### **Acknowledgements:**

NEC Contract Board

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