Presentation:

- Objectives of the NEC form
- Programme requirements under NEC
- Ownership of float
- Acceptance of programmes

Issues with other forms of contract and management of programme:

- Retrospective analysis of time delay and entitlement – subjective to say the least!
- No firm requirement on how to manage programme during contract
- Often comparing current programme to original baseline programme (which has no resemblance as to how works now being done).
Quote from a lawyer:

Programme under the NEC3 is the “beating heart of the contract”

NEC Contract

Clause 31 – The programme

Clause 31 – The programme
31.2 - Items to be shown on the programme include:

- starting date/Completion Date/Key Dates
- planned Completion
Clause 31 – The programme

31.2 - Items to be shown on the programme include:

- starting date/Completion Date/Key Dates
- planned Completion
- order and timing of operations to Provide the Works
- float
- time risk allowances
- health and safety requirements
- Plant & Materials from Employer
- acceptances
- information from Others
- statements of how the Contractor plans to do the work
Reasons for not accepting a programme

Under clause 31.3 there are only four reasons not to accept a programme:

• The Contractor’s plans which it shows are not practicable
• It does not show the information which this contract requires
• It does not represent the Contractor’s plans realistically or
• It does not comply with the Works Information

If the Project Manager withholds acceptance for a reason not stated in contract it is a compensation event

Acceptance of a programme by the Project Manager is not a condition precedent to the Contractor proceeding with the work

Clause 31 – The Programme

25% of Price for Work Done to Date deducted until first programme submitted showing the information the contract requires

Clause 32 - Revising the programme

32.1 - Contractor shows on each revised programme:
• actual progress achieved on each operation activity and affect upon remaining work
• effects of implemented compensation events
• how Contractor plans to deal with any delays and to correct notified Defects
• any other changes that Contractor proposes to make

32.2 – Contractor submits a revised programme:
• Within the period for reply after Project Manager has instructed
• When the Contractor chooses to
• At no longer interval than stated in the contract
Types of Float

• Total float
• Time risk allowance
• Terminal float

Who Owns Total Float?

Activity ‘A’ can move along its float & will move activity ‘B’. When the end of the float is reached it becomes critical.

• Is available to accommodate
  • the time effects of a compensation event
  • lack of progress by the Contractor
Total Float

• Float shared – whoever gets there first!
• Programme needs updated regularly (daily/weekly) to demonstrate true effect.

Who Owns Time Risk Allowance?

• Aim is to show that elements of risk have been applied to each operation. Are owned by the Contractor (to cover his risks)
• This gives some comfort to the Employer that particularly critical path is achievable
• Part of normal tender process i.e.
  200m pipe @ 15.5m/gang/day = 12.9 so say 15 days
• Is NOT available to anyone other than the Contractor – i.e. can not be used to mitigate affect of a CE
Time Risk Allowance

• Time risk allowance is Contractor owned
• This can not be used up by the PM and CE’s – although they may try!!!
• Programme has to be realistic/achievable so disproportionately long elements of TRA are unlikely to be accepted by PM.
Terminal Float

- Difference between planned Completion and Completion Date
- Owned by the Contractor
Terminal Float

- Completion Date moves out the amount that planned Completion moves out due to the effects of a Compensation Event
- Can then only be brought back by acceleration.
Clause 31 – The programme

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- Order and timing of operations to Provide the Works
- Float
- Time risk allowances

Under clause 31.3 there are only four reasons not to accept a programme:

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If programme not accepted:

- Neither party clear on the Completion Date and contractor entitlement
- Employer will in the absence of a newly accepted programme assess change (CE’s) on the last accepted programme
- Important to both parties programme regularly accepted.
- Otherwise enjoy the traditional end of project bun-fight to sort out the final account…
Contractor:
• Make sure your programme fully complies with clause 31.2 (and 32.1)
• Show difference between planned Completion/Completion Date
• Comprehensive programme narrative with each submission
• Programme review meeting during acceptance period with PM
• If no response to programme – call a meeting and try to bring it to a head

Employer:
• Review programme well within two week response period and give early comment
• Aim for a one week response where possible
• Give clear specific reasons why it is not accepted - only four reasons under the contract
• Accept with comments – comments being minor issues that can be put right on the next programme issue

Summary
• Role of programme within NEC contract is significantly heightened – and hence the role of the planner
• Contract actually helps the planning function as it is enforcing the normal day to day processes that the planner and the business should be wanting to initiate
• Everyone on the project needs to be using the programme – not just the planner
• TRANSPARENCY – do whatever it takes to present and produce information that makes things clear and unambiguous
• Work in real time – each programme is a “line in the sand” as to what has happened and what is projected at a single point in time
• Keep on top of EW + CE’s and associated time affects
• Consider training to reinforce understanding of the contract
Thanks for listening, and remember…

…any questions from the audience???

For more details: www.gmhplanning.co.uk