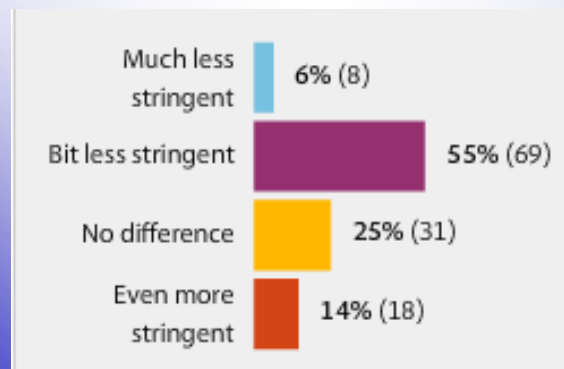# NEC3: State of the Industry

Survey Results

General - The Parties

Where a good relationship exists between the parties, in your experience does it make them more or less likely to strictly administer contract?

Response	Percentage
Much less stringent	6% (8)
Bit less stringent	55% (69)
No difference	25% (31)
Even more stringent	14% (18)

How many of your projects use an online administration tool to manage your NEC3 documentation flow?

| Response	Percentage
Most do	27% (33)
Some do	34% (41)
The odd one does	20% (25)
None do	19% (23)
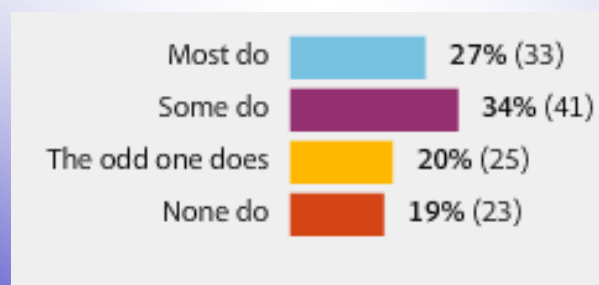
Is NEC3 your preferred contract over other forms such as JCT/ICE/GC Works?

Yes – 92%

From your perspective, what percentage of written Z clauses are worthy, useful and contribute to making a difference to the management of that project?

29%

Do you see the named Supervisor (as in Contract Data 1) active in the monitoring of your project?

Yes, often	23% (29)
Sometimes	33% (42)
Rarely	25% (32)
Never	1% (1)
Don't know	17% (22)
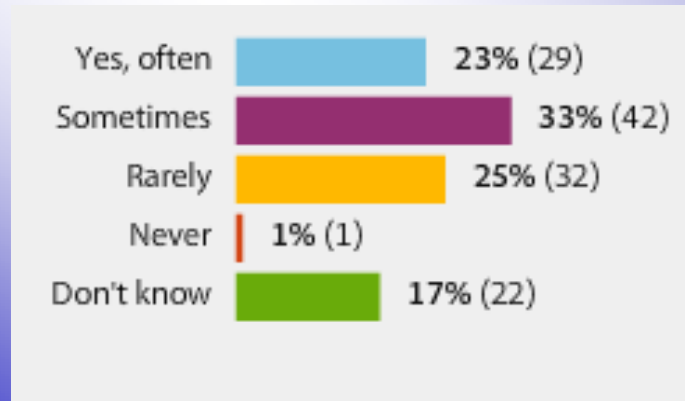
On average, out of 10 (ten being the best), what score would you generally give the following parties for their understanding and strict administration of the contract?

Score	Employer	Contractor	Subcontractor	Consultant
8+	25%	39%	8%	21%
6/7	43%	43%	17%	34%
4/5	20%	14%	38%	25%
3-	12%	4%	37%	20%

For any subcontracted works on your project, does the Contractor generally use an NEC3 form of contract to engage down the line with their subcontractors?

No they use bespoke	4% (5)
Yes always	31% (39)
Sometimes	56% (71)
Don't know	9% (11)
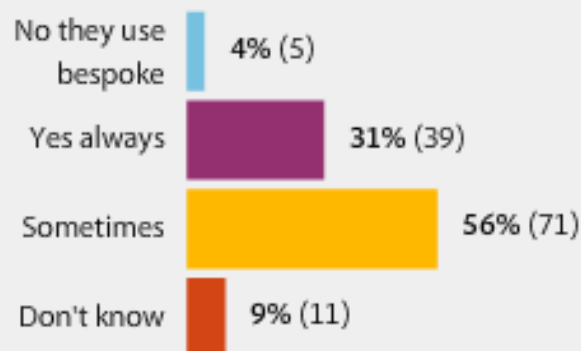
Do you undertake joint contract training between the key parties on a particular project?

YES - 52%

If yes, did you feel it made a difference?

YES - 86%

Early Warnings

As a percentage, approximately what proportion of your early warnings would you say go on to become compensation events?

57%

Does cost appear to be a big focus/consideration in the notification of an early warning and within the subsequent risk reduction meetings?
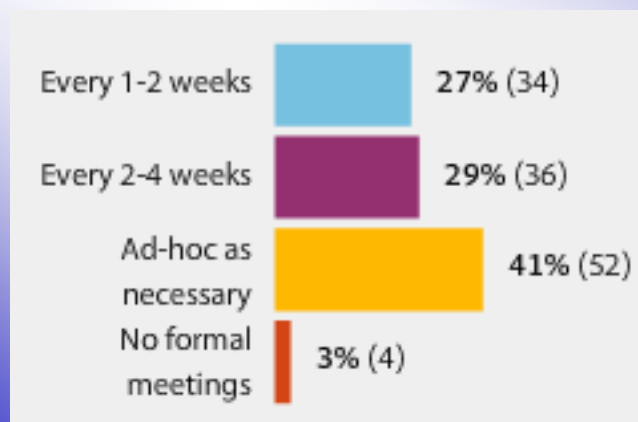
YES – 81%

Are early warnings ever taken negatively - i.e. seen merely as a commercial tool from the Contractor?

Yes, often	39% (49)
Sometimes	49% (61)
Rarely	12% (15)
Never	0% (0)
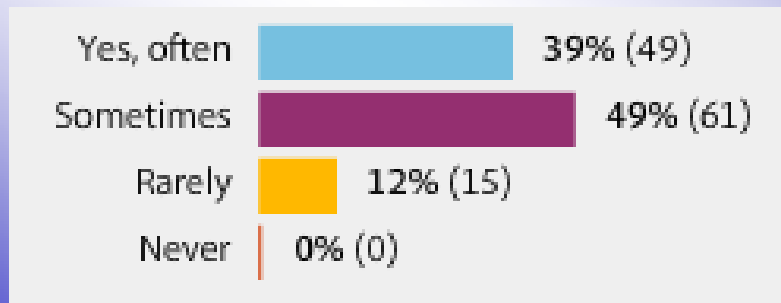
Is the NEC3 Risk Register (description/ action taken to avoid or mitigate risk) run separately from the traditional construction risk register/risk management process?

Separate	42% (53)
Merged	39% (49)
Don't use either	4% (5)
Don't know	15% (19)
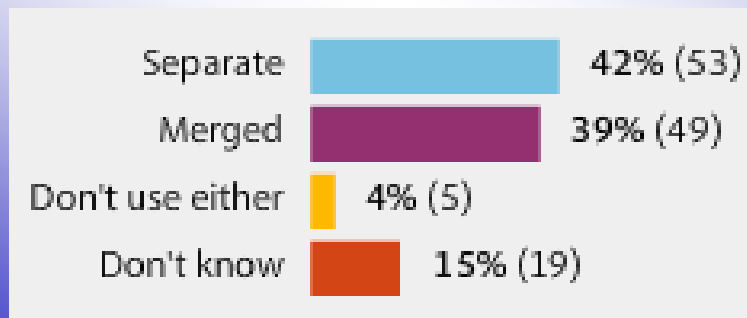
How often do you normally hold specific risk reduction meetings on a project to discuss early warnings?

Every 1-2 weeks	27% (34)
Every 2-4 weeks	29% (36)
Ad-hoc as necessary	41% (52)
No formal meetings	3% (4)

How good is the Project Manager at updating the risk register and re-issuing to all parties?

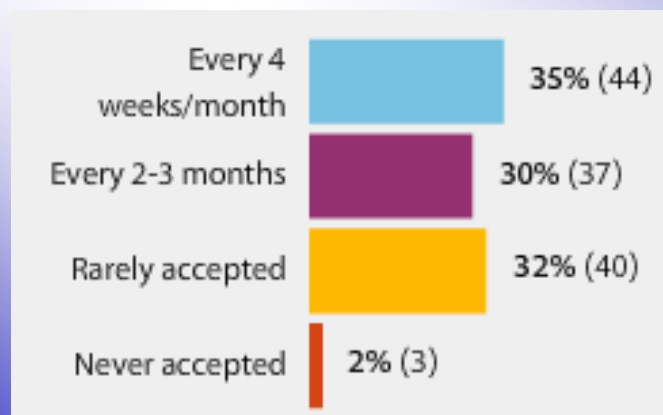|	
Doesn't - Contractor has to do it	25% (31)
Done but not promptly	34%
Regularly issues promptly	20% (25)
Don't know	21% (27)

So not very good then…

**Do you think the overall clause 16 early warning section actually delivers risk reduction?**

Yes – 79%

Programme

How frequently is a revised programme that has been issued for acceptance formally accepted on your project(s)?

Category	Value
Every 4 weeks/month	35% (44)
Every 2-3 months	30% (37)
Rarely accepted	32% (40)
Never accepted	2% (3)

How often is/does the programme get updated and revised in between formal issues for acceptance?

| Response	Percentage
Several times a week	4% (5)
Weekly	38% (47)
Seldom	48% (60)
Not sure	10% (12)
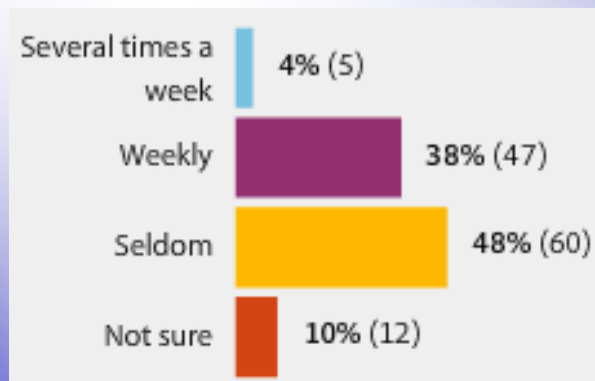
**Do you believe that a programme fully compliant clause 31.2 is achievable?**

Yes – 77%

35. How long on average does it take the Project Manager to issue a formal response as to whether a programme is accepted or not?

- < 1 week — 11% (13)
- 2 weeks — 31% (38)
- 2 -3 weeks — 24% (29)
- > 4 weeks or rarely responds — 34% (42)
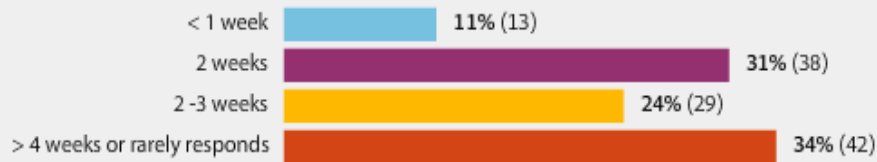
35a. When the Project Manager does respond with a Non Acceptance, do they clearly detail the reasons why?

- Yes — 50% (62)
- No — 40% (50)
- N/A — 10% (12)
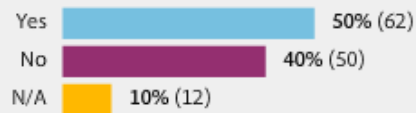
36. Is there normally a statement or narrative issued with the programme to explain what it shows?

- Yes — 46% (57)
- No — 17% (21)
- Sometimes — 37% (45)
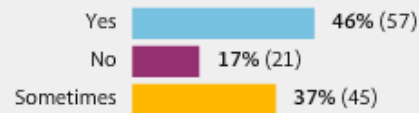
In your experience, who do you genuinely feel would benefit from a well managed/regularly updated programme

- Contractor — 0% (0)
- Employer — 2% (2)
- Both Parties — 98% (124)
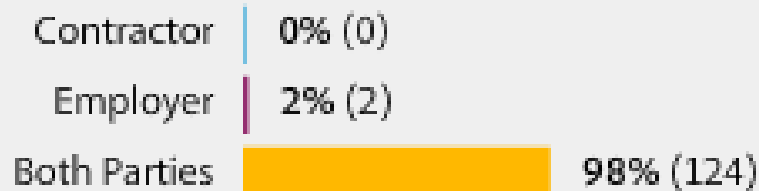
Compensation Events

On average, which categories do your compensation events on your projects fall into?

- 60.1(1) - change to WI   62%
- 60.1(2) – lack of access   11%
- 60.1(12) – unforeseen conditions   31%
- 60.1(13) – weather   6%
- 60.1(19) – force majeure   2%
- 60.1 - others   9%

Does the Project Manager ever state assumptions on which to base a compensation event quotation (in accordance with clause 61.6)?

Yes, regularly	9% (11)
Sometimes	56% (71)
No	18% (23)
Don't know	17% (21)
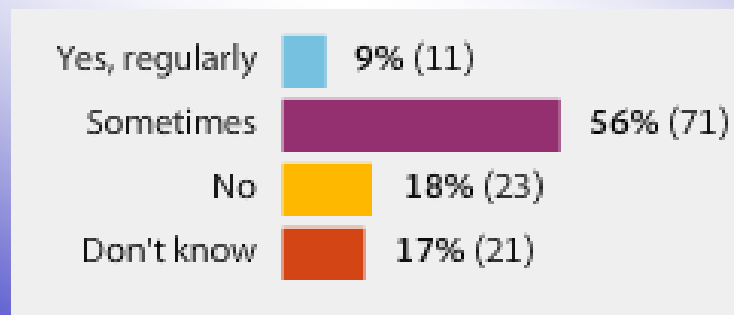
What percentage of quotations get issued within the contractual timescale by the Contractor (3 weeks for ECC unless an extension has been accepted)?

52%

Do you feel the NEC generally provides better value for money for clients?

Yes – 88%

NO's (12%)

- Administration too burdensome/excessive
- Employers don't administer it
- PM does not work to the NEC ethos
- Because rarely managed properly
- Misunderstood and mismanaged
- Clients rarely invest on their own side of the administration

Summary –
What does the survey tell us?

General

- Administer the contract as much when good relationship exists
- Think about necessity of Z clauses
- Educate/help the supply chain to administer the contract
- Run joint project workshops to get that common understanding on individual projects

Summary –
What does the survey tell us?

Early Warnings

- Don't see early warnings as a commercial tool
- Keep the NEC Risk Register separate from traditional risk management processes
- Regular risk reduction meetings and maintenance of the Risk Register

Summary –
What does the survey tell us?

Programme

- Parties need to work together to understand the mutual benefits of Accepted Programme
- Contractor's to "step up" in terms of quality and updating of programmes and using them primarily for their own benefit
- Project Managers to review quicker and be more detailed in response to programmes and be looking to accept unless reason not to

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- We generally prefer this form of contract and believe it delivers better than other forms
- We as a group and a core representation of the industry have a chance to make a real difference

Any questions or thoughts?

(Full survey results will be collated and made available to the group after the conference)