

# NEC4 PSC High Level User Guide

## Introduction

This NEC4 PSC overview is intended to be a quick reference guide as to where a particular subject matter can be found within the Professional Service Contract (PSC). This guide focuses on the most commonly used and relevant day to day clauses likely to be most relevant. For a specific project, any bespoke clause amendments introduced by a Client would have to be taken into account. Sections 1-8 are the core clauses for every PSC option A/C/E contract followed by option specific clause details.

## Section 1 - General

### Actions

- 10.1** Reminder that all Parties are to act as stated in the contract.
- 10.2** Obligation to also act in a spirit of mutual trust and cooperation.
- 11.2** List of defined terms (in alphabetical order).

### Communications

- 13.1** All communications in a form that can be read, copied and recorded.
- 13.2** Communications are only valid if submitted by the system stated in Scope.
- 13.3** Responses within period for reply or as stated in contract.
- 13.5** Service Manger may extend period for reply by agreement.
- 13.7** Any notification has to be separate from any other communication.

### Service Manger (SM)

- 14.1** Service Manger acceptance does not transfer liability from Contactor.
- 14.2** Service Manger must formally delegate actions in writing.
- 14.3** Service Manger can issue instructions to change the Scope.

### Early Warnings

- 15.1** Reasons for which an early warning should be notified.
- 15.2** Either party can instruct the other to an early warning meeting.

- 15.3** Actions expected of all parties at an early warning meeting.
- 15.4** Updating of the Early Warning Register by the Service Manger.

## **Requirements for Instructions**

- 16.1** Notifying and resolving of an ambiguity between contract documents.
- 16.2** Notifying and resolving of an illegal or impossible requirement.

## **Section 2 - Consultant's Responsibilities**

### **Providing the Works**

- 20.1** Consultant obligation to Provide the Works in accordance with Scope.
- 20.3** Consultant not liable for defect providing used expected skill and care.

### **People**

- 21.1** Consultant to provide key person(s) stated in CD2 or suitable replacement.
- 21.2** Service Manger can instruct Consultant to remove any person.

### **Working with Client and Others**

- 22.1** Requirement for Consultant to work with Others as instructed/in Scope.
- 22.3** Liable costs if Consultant fails to achieve Key Date in CD1.

### **Subcontracting**

- 23.2** Requirement to submit proposed Subcontractor for acceptance by SM.
- 23.2** Reasons under which SM could not accept a Subcontractor.
- 23.3** Also have to submit contract terms for Subcontractor for acceptance.

### **Other responsibilities**

- 24.2** Consultant obeys instructions given in accordance with contract by SM.
- 24.3** Consultant acts in accordance with Health & Safety as stated in Scope.
- 26.1** Disclosure – Consultant may only publicise works with Client's agreement.

## Section 3 - Programme

### Starting Date / Completion Date

- 30.1 Consultant does not start work on site until the first access date.
- 30.2 Service Manger certifies date of Completion.

### The Programme

- 31.1 Requirement for Consultant to submit first programme for acceptance.
- 31.2 Detailed list of what is required to be shown on programme for acceptance.
- 31.3 Reasons for SM not to accept an programme (otherwise should accept).

### Revising the Programme

- 32.1 List of what should be shown on a revised programme.
- 32.2 Intervals for programme submissions to Service Manger.

### Acceleration

- 35.1 Either party can propose acceleration which SM can then instruct quote.
- 35.2 Consultant issues acceleration quote which SM accepts/does not accept.

## Section 4 - Quality Management

### Quality Management System

- 40.1 Consultant operates a quality management system in line with Scope.
- 40.2 Quality policy statement and plan issued for Service Manger acceptance.

### Correcting Defects

- 41.1 Until defect date either party notifies other when become aware of a defect.
- 41.2 Requirement to correct defect within a time that minimises impact to Others.
- 41.2 If defect not corrected SM assesses cost to Client of Others correcting it.

## Accepting Defects

- 42.1 Can propose for defect to not be corrected and Scope changed accordingly.
- 42.2 Consultant to submit resultant quotation saving to SM to accept/not accept.

## Section 5 – Payment

### Assessing the Amount Due

- 50.1 Service Manger to assess the amount due at each assessment date.
- 50.2 Definition of the amount due for each application.
- 50.4 If Consultant not submit application on time SM will assess at zero.
- 50.5 25% PWDD can be withheld if no 1st accepted programme.

### Payment

- 51.1 Service Manger to certify payment within 1week of assessment date.
- 51.2 Confirmation of period within which payment should be made.
- 51.3 Interest recoverable on items corrected on a later certificate.
- 51.4 interest recoverable on late payments.

### Defined Cost

- 52.1 Any Consultants costs not identified in Defined Cost are in the Fee.
- 53 Final Assessment – section on how/when final assessment is made at end.

## Section 6 - Compensation Events

### Compensation Events

- 60.1 List of what events would be valid compensation events (16 reasons).

### Notification

- 61.1 SM can notify compensation event at time of issuing instruction.
- 61.2 SM instructs Consultant to produce quotation (and proceed in meantime).
- 61.3 Consultant can notify a CE and can be time barred after a period if late.

- 61.4 SM to accept or not accept if Consultant has notified a CE.
- 61.4 Deemed acceptance if the SM does not respond to reminder.
- 61.5 SM can advise that an early warning could have been given which wasn't.
- 61.6 SM can state assumptions for Consultant to base the quote upon.
- 61.7 No compensation events can be issued after Completion.

## **Quotations**

- 62.1 SM can request alternative quotations for dealing with a CE.
- 62.2 Consultant to provide a quote and alterations to programme (if relevant).
- 62.3 Consultant to provide quote within 3 weeks, SM response within 2 weeks.
- 62.4 Service Manger can instruct a revised quote (after explaining why).
- 62.5 Service Manger can extend period for Consultant to produce quote.
- 62.6 Consultant's quote deemed accepted if no response to reminder.

## **Assessment**

- 63.1 Basis of quotes in relation to if should be actual or forecast defined cost.
- 63.4 Only reasons stated for which Prices can be reduced.
- 63.5 Definition of reasons for contractual movement in Completion Date.
- 63.7 SM may assess as though early warning had been given if it wasn't.
- 63.8 Rules for allocation of risk within a compensation event quotation.
- 63.9 Requires Consultant to act promptly and competently to a CE.
- 63.10 How ambiguities will be assessed in terms of a compensation event.

## **Service Manger's Assessments**

- 64.1 Reasons under which SM can make own assessment of a CE.
- 64.3 SM to notify Consultant of their own assessment of a CE.
- 64.4 Deemed acceptance if SM no response to a notification of no assessment.

## **Proposed Instructions**

- 65.1 Service Manager can instruct a quotation for proposed instruction.
- 65.2 Consultant submits quotation within 3 weeks and SM to respond.

**65.3** If quotation not accepted SM can still instruct (and then assessed as CE).

## **Implementation**

**66.1** Implemented when CE accepted/assessed/deemed accepted.

**66.2** Prices/Completion Date changed accordingly following agreement.

**66.3** Compensation event quote is not changed if later found to be wrong.

## **Section 7 - Title**

**70.1** Client has right to use material provided by Consultant as stated in Scope.

**70.2** Consultant right to use material provided by Client to Provide the Service.

## **Section 8 - Risks and Insurance**

**80.1** List of Client's liabilities.

**81.1** List of Consultant's liabilities

**83** Insurance cover details

**84** Insurance policies and who needs to provide what to whom.

**87** Consultant's liabilities limited to that stated in CD1 except excluded matters.

## **Section 9 - Termination**

**91.1** List of valid reasons for termination.

**92** Procedures to follow upon termination.

## **Additional Option A clauses**

**11.2** Option A specific identified and defined terms.

**20.4** Consultant provides forecast of total expenses at contract intervals.

**31.4** Requirement for activity schedule to relate to items on programme.

**52.2** Consultant keeps records of expenses and makes available for inspection.

**55.1** Clarifies that Activity Schedule is not Scope.

**55.3** Consultant may submit revised Activity schedule for acceptance.

**55.4** Reasons SM has for not accepting a revised Activity Schedule.

**63.13** Ascertaining a new People Rate where required.

## **Additional Option C clauses**

- 11.2** Option C specific identified and defined terms.
- 20.4** Consultant provides forecast of total Defined Cost/expenses.
- 24.4** Consultant to submit pricing information for each subcontract.
- 50.7** Payments in other currencies.
- 50.9** Opportunity for finalising Defined Costs for part of the works.
- 52.3** Requirement for Consultant to keep records.
- 54.1/2** SM assesses Consultant's share of the Prices and actual defined cost.
- 54.3** Provisional assessment of Consultant's share following Completion.
- 54.4** Final assessment of Consultant's share following Completion.
- 55.2** Clarifies that information in Activity Schedule is not Scope.
- 93.3** Rules on assessing share in event of termination of the contract.

## **Additional Option E clauses**

- 11.2** Option E specific identified and defined terms
- 20.4** Consultant provides forecast of total Defined cost at contract intervals.
- 24.4** Consultant to submit pricing information for each subcontract.
- 50.8** Payments in other currencies.
- 50.9** Opportunity for finalising Defined Costs for part of the works.
- 52.3** Requirement for Consultant to keep records.

## **Secondary Options**

### **X1 - Price Adjustment for Inflation**

- X1.1** Defined terms – Base Date Index, Latest Index, Price Adjustment Factor.
- X1.2** How Price Adjustment Factor is applied.
- X1.3/4** Price adjustment for amount due.
- X1.5** Defined cost for compensation events.
- X2.1** X2 Changes in law – CE if occurs after the Contract Date.

**X3.1/2** X3 Multiple currencies – payment and exchange rates.

**X4.1/2** X4 Ultimate Company Guarantee – given within 4 weeks of Contract Date.

**X5.1** X5 Sectional Completion – Completion/Completion Date apply to sectional.

**X6.1** X6 Bonus for Early Completion – paid per day at rate in CD1.

## **X7 - Delay Damages**

**X7.1** Charged at rate stated in CD1 until Completion or take over.

**X7.2** Client repays overpayment of damages with interest.

**X7.3** Delay damages are reduced with partial take over.

**X8.1-3** X8 Undertaking to Others – as stated in CD1.

**X9.1** X9 Transfer of Rights – Client owns the Consultant's rights over materials.

## **X10 - Information Modelling**

**X10.1** Defined terms.

**X10.2** Consultant collaborates with other Information Providers

**X10.3** Early warning requirement for anything could impact Information Model

**X10.4** Submission of Information Execution Plan.

**X10.6** Compensation events.

**X10.7** Client and Consultant liabilities.

**X11.2** X11 Termination by Client – procedures and amount due to be paid.

## **X12 - Multiparty Collaboration**

**X12.1** Identified and defined terms.

**X12.2** Actions to be taken by Partners and Core Group.

**X12.3** Collaboration by all Parties.

**X12.4** Incentives – amounts paid to Partner if KPI(s) achieved.

**X13.1** X13 Performance Bond – required as stated in CD1.

## **X18 - Limitation of Liability**

**X18.1-3** Limits of liability as stated in Contract Data part 1.

**X18.4** Consultant not liable for defect identified after liability.



## **X20 - Key Performance Indicators and Reporting Requirements**

X20.1-5 As per CD1.

### **Schedule of Cost Components (for use with options C/E)**

- 11-13** Payments applicable for people.
- 21** Payments applicable for subcontractors.
- 31** Cost of charges paid or received by the Consultant plus overhead %.
- 4** Insurance premiums and insurable events excluded from cost.

### **Short Schedule of Cost Components (for use with options A)**

- 11** Payments applicable for people
- 21** Payments applicable for subcontractors.
- 3** Insurance premiums and insurable events excluded from cost.

### **Abbreviations:**

- CD1** Contract Data part 1
- CD2** Contract Data part 2
- SM** Service Manger
- CE** Compensation event

- Glenn Hide, 17/03/2025

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