



Issues and Misconceptions on How to Manage NEC Contracts Correctly



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Agenda



- Introductions
- Why We're Here Today
- About Digital Beehive
- Common Issues We'll Explore
 - Early Warnings
 - Programmes
 - Compensation Events
 - Managing Subcontracts
 - The Role of the Project Manager
 - Contractual Documents & Non-Contractual Processes

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Introductions



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1 Why we're here today.

- NEC contracts are powerful, but only when applied correctly.
- Insights from Contract Bee show recurring issues - misused communication channels, missed deadlines, and inconsistent document control that directly affect project outcomes.
- By bringing together NEC expertise and digital delivery experience, we're here to address these challenges head-on.



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2 The opportunity.

- These mistakes aren't inevitable - they highlight gaps in understanding, uneven processes, and underutilised systems.
- By combining NEC training with practical digital workflows, we can transform these risks into opportunities for improved performance.
- Education + Digital: Aligning NEC best practice with effective software onboarding ensures teams have the knowledge and tools to apply the contract correctly, consistently, and confidently.



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3 What you'll learn today.

- The most common NEC mistakes we see across projects - and how to prevent them.
- How contract management systems help teams stay compliant and maintain control.
- Practical guidance on improving contract outcomes through better processes, better education, and better digital tools.



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A bit about Digital Beehive.



Who we are.

Digital Beehive is a leading Software as a Service (SaaS) provider dedicated to digitising and transforming the construction industry. Founded by construction professionals, we pioneered the first cloud-based contract management solution in 2000 and have continued to innovate for over 25 years.

Our mission.

To deliver digital solutions that create compelling business advantages – saving time, reducing costs, and improving quality control throughout the supply chain. We combine deep industry expertise with cutting-edge technology to streamline processes and enhance collaboration.



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Digital Delivery for NEC Contracts.



- Purpose-built NEC platform supporting the full contract lifecycle.
- Automated NEC workflows (early warnings, compensation events, Instructions) for timely, compliant actions.
- Complete audit trails with time-stamped records for clarity and dispute resolution.
- Performance analytics linking contract behavior to outcomes for benchmarking and improvement.

Result:
Consistent, transparent, and controlled NEC delivery across single projects or full portfolios.



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Some of Our Products.



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We Have Global Reach.



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What We've Achieved in the Last Year.

 <p>NEC Partnership Latin America</p>	 <p>GMH neconsult PLANNING built solutions</p>	 <p>Insight Assurance PRESCIENT SECURITY</p>	 <p>Supply Chain Uptake</p>
<p>Forged a strategic partnership with NEC to expand our presence and deliver contract management solutions across Latin American markets</p>	<p>Tie-ins with Glenn and Neil. Strengthened strategic partnerships to enhance product capabilities and deliver greater value to clients.</p>	<p>Achieved and maintained ISO 27001 (Information Security), ISO 9001 (Quality Management), and ISO 22301 (Business Continuity) standards, demonstrating our commitment to security, quality, and resilience.</p>	<p>Customers from <i>Client</i> organisations, <i>Consultants</i>, <i>Contractors</i> and <i>Subcontractors</i>. This provides us with a more holistic view of how contract management goes throughout the supply chain. Welcomed several high-profile clients, reinforcing trust in our solutions and driving growth.</p>

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Common Issues We'll Explore Today.

- misunderstanding of the early warning process.
- lack of a regular accepted programme.
- delays in compensation event agreements and lack of Project Manager assumptions.
- challenges with subcontractor management and acceptance.
- limited access to contract documents.
- verbal instructions, unclear delegated powers, and misuse of "general communication" forms.
- reliance/use of non-contractual processes like RFIs/TQs.



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Early Warnings



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The Early Warning Process is Really Simple.

01

We think there may be an issue that could impact the project in future

03

Discuss the matter at a meeting

05

Monitor the actions until no issue is left, or have done all the mitigation possible

Notify it at the earliest opportunity

02

Agree the actions to be taken to avoid or minimise the impact

04

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Early Warnings Are Not

- a claims tool.
- an extension of traditional risk registers, allocating costs and/or liability.
- items to be closed at the earliest opportunity things to be rejected.
- something that needs to be priced.
- Contractor game to “swamp the system” with numerous futile early warnings.

If not notified, it could impact the assessment of a compensation event if it goes on to become one.



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Managing Early Warnings Digitally

Early warning template

Standardised templates capturing key risk details, scoring, and mitigation, with optional custom fields.

Early warning register

Clean, in-built register with downloadable outputs, last-updated visibility, full Excel export, and API access.

Action Management

Track actions linked to early warnings, with NEC-compliant workflows and the ability to create PMIs or CEs directly.

Document & Version Control

Attach documents at any stage; all changes are logged in the audit trail.

Realtime risk reduction

Live collaboration helps prevent or minimise compensation events, saving time and cost.



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Example: Early Warning Template →

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Example: Early Warning Register

Ref. ID	Title	Submitted Date	Report By	Exposure	Event Date	Related	Status
EW-0010	Unknown burst services	19 Oct 2023 19:57	Project Manager	62,500.00	22 Oct 2023	NEW	NEW
EW-0014	Unknown burst services	14 Oct 2023 12:34	Project Manager	67,500.00	31 Oct 2023	NEW	NEW
EW-0013	Bats Found	12 Feb 2023 14:12	Project Manager	4,000.00	12 Feb 2023	CLOSED - MITIGATED	NEW
EW-0012	Access	12 Feb 2023 14:12	Project Manager	6,000.00	12 Feb 2023	CLOSED - MITIGATED	NEW
EW-0011	New PM	29 Jan 2023 21:28	Contractor	455.00	31 Jan 2023	CLOSED - MITIGATED	NEW
EW-0010	Change of supplier	29 Jan 2023 21:28	Contractor	635.30	31 Jan 2023	CLOSED - MITIGATED	NEW
EW-0009	Supplier Delay	29 Jan 2023 21:28	Contractor	630.00	31 Jan 2023	CLOSED - MITIGATED	NEW
EW-0008	Adverse Weather	27 Nov 2024 12:43	Project Manager	41,500.00	30 Nov 2024	CLOSED - REALISED	NEW
EW-0007	Rept Delay for Car Park	27 Aug 2024 06:37	Project Manager	69,000.00	31 Aug 2024	CLOSED - MITIGATED	NEW
EW-0006	Concrete Supply Delay	14 Aug 2024 14:37	Contractor	41,737.50	16 Aug 2024	CLOSED - MITIGATED	NEW
EW-0005	High Winds	23 Jul 2024 15:28	Project Manager	62,271.50	26 Jul 2024	CLOSED - MITIGATED	NEW
EW-0004	Tree root hindering excavation	22 Jul 2024 15:55	Contractor	4,965.30	24 Jul 2024	CLOSED - MITIGATED	NEW
EW-0003	Incorrect drawings submitted	22 Jul 2024 12:12	Project Manager	690.00	09 Aug 2024	CLOSED - MITIGATED	NEW
EW-0002	Adverse Weather	22 Jul 2024 12:11	Project Manager	41,834.20	23 Jul 2024	CLOSED - MITIGATED	NEW
EW-0001	Flood Risk	22 Jul 2024 12:10	Project Manager	68,700.00	22 Jul 2024	CLOSED - MITIGATED	NEW

→

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Programmes



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Programmes: What We Regularly See

- prolonged periods of non-response or rejection.
- fear from Project Manager as to what acceptance means and the liability they are taking on.
- Forgetting that NEC programme requirements are just good practice project management.
- quality of programmes not necessarily fully compliant.
- Subcontractors submittance and/or quality of programmes even more problematic.

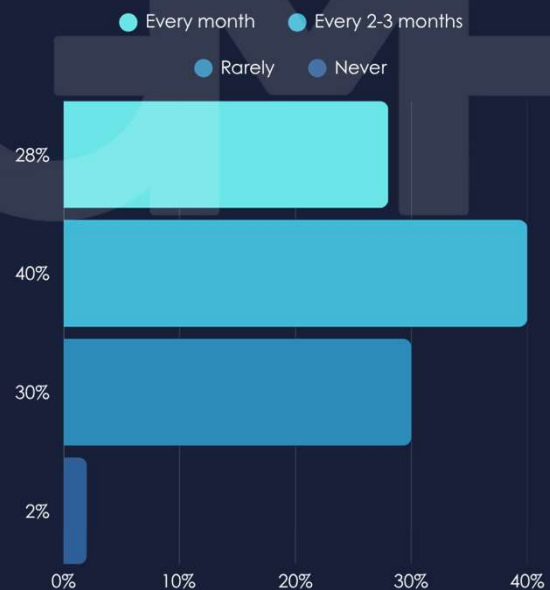
Remember what a programme is – it is a project management tool to help the Contractor deliver the works effectively and efficiently – why would anyone not want to do that?



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State of the Industry Survey 2024:

How often do you typically get an Accepted Programme?



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Managing Programmes Digitally

Clarity on the Accepted Programme

- Clear visibility of the latest Accepted Programme, planned Completion Date, and separation of Clause 31 vs Clause 32 programmes.

Mandatory Programme Narrative & NEC Compliance

- Each submission includes a concise summary of changes, key dates, and sectional completions.
- Aligned with NEC rules for non-acceptance (31.3) and encourages detailed responses (13.4).

Reminders & Contractual Compliance

- Automated reminders for programme submissions and compliance tracking.

Deemed Acceptance Automation (31.3)

- System-driven compliance with deemed acceptance, prompting action when no response is issued.



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Example: Programme Register

CONTRACTBEE

HCSE-8967 - St Elizabeth Surgery (NEC4 - ECC) construction

Programmes Time Applications

WORKFLOW

CONTRACT

EARLY WARNINGS

INSTRUCTIONS

CONVEYANCE EVENTS

QUESTIONS

ACCEPTANCES

PROGRAMMES

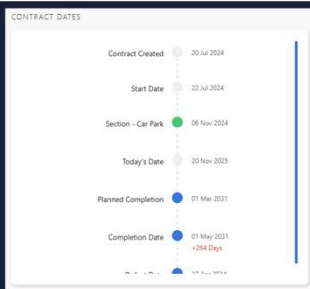
QUALITY

MODULES

TECHNICAL QUERIES

CARBON CAPTURE

Ref. T1	Title T1	Close T1	Submitted Date T1	Planned Completion T1	Response Required T1	Related	Status T1
PR-0007	Revised Programme 6.0	32.2	12 Mar 2023 14:45	30 May 2025	28 Mar 2025 -219d		NEW
PR-0006	Revised Programme 5.0	32.2	29 Jan 2023 21:21	06 Mar 2026	12 Feb 2025 -249d		NEW
PR-0005	Revised Programme 4.0	32.2	27 Nov 2024 13:25	01 MAR 2026	11 Dec 2024		ACCEPTED
PR-0004	Revised Programme 3.0	32.2	14 Aug 2024 17:18	05 Feb 2027	28 Aug 2024		ACCEPTED
PR-0003	Revised Programme 2.0	32.2	13 Aug 2024 16:13	02 Apr 2030	27 Aug 2024		NOT ACCEPTED
PR-0002	Revision of Programme	32.2	30 Jul 2024 16:45	31 Jul 2024	13 Aug 2024		ACCEPTED
PR-0001	Contract Data - Part 2	31.2	22 Jul 2024 12:22	29 Feb 2030	09 Aug 2024		ACCEPTED



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Time taken to respond to programmes submitted for acceptance...

*Based on ~18,000 programme submissions



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Compensation Events



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There is a defined process to follow with regards to compensation events with each stage having prescribed timescales and sanctions for non-action

**Notification
(61)**

**Quotation
(62)**

**Assessment
(63/64)**

**Implementation
(66)**

**Still seeing prolonged periods of non-response throughout the process*

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Compensation Event Issues

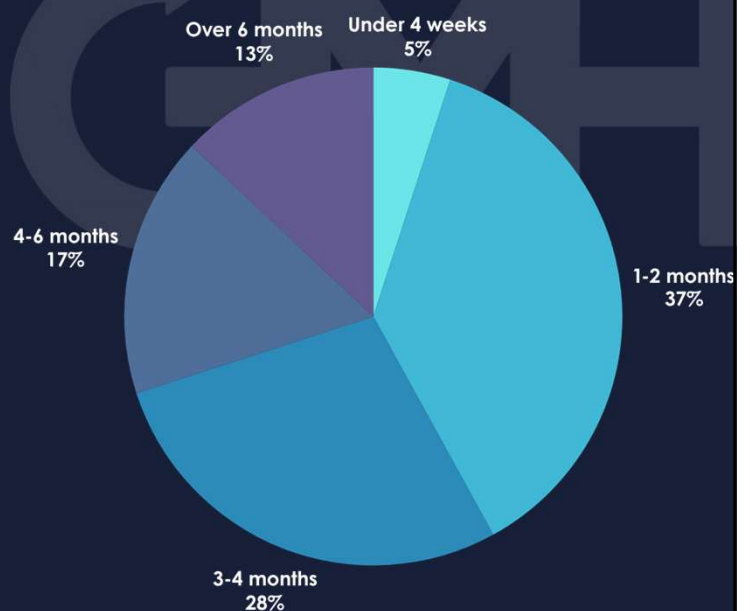
- Fear from Project Manager as to what acceptance means and the liability they are taking on.
- Lack of programmes with quotations,
 - of those polled, 36% compensation event quotations do have a dedicated programme included as part of the submission.
- Lack of Project Manager assumptions to allow Contractor to submit more sensible quotation
 - of those polled, 19% regularly saw Project Manager giving assumptions
- Prolonged time to agree CE quotations – getting stuck in the system



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State of the Industry Survey 2024:

What, would you say, is the average time for a CE that is notified to become implemented (agreed)?



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Managing Compensation Events Digitally

Complete Automation of the Compensation Event Workflow

From EWN and PMI to CEN, QUO, and CEI - full automation of the Compensation Event process. [Trusted by Universities as a leading NEC learning tool]

CE Implementation

The Prices, the Completion Date and the Key Dates are updated automatically and integrated into payment workflow.

Response Dates & Action Owners

All submissions, acknowledgments and responses dates are tracked for each workflow step. The correct party is assigned and notified when it's their turn to contractually respond and monitored accordingly for contractual compliance.

Root Cause Analysis

Optional RCA and custom fields for tailored data capture.

Deemed Acceptances

Compliant with NEC clauses 61.4 and 62.6. Configurable feature enabled by default.



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Example: Quotation

Select Type

GENERAL

INSTRUCTION
The Project Manager communicates a formal instruction to all parties of the contract.

EARLY WARNING ACTION
The Project Manager can create an action and associate it with an Early Warning.

COMPENSATION EVENTS, ASSESSMENT

NOTIFICATION
COMPENSATION EVENT (61.3)
The Contractor notifies of an event that has happened or is expected to happen as a Compensation Event.

SUBMISSIONS FOR ACCEPTANCE
DESIGN SUBMISSION (21.2)
The Contractor submits the particulars of its design as the Scope requires to the Project Manager for acceptance.

PAYMENTS

Quotation

Title*
Road Closure Quotation

Effect*
Cost & Time

Select Event* (Awaiting Quotations)
CEN-0015 Shield Lane Closure

Sectional Completion (SS)
Car Park* (Adjusted Days)
17 Days

Completion - Whole of the work* (Adjusted Days)
10 Days

Changes to the Price*
£23,013.00

Compensation Event Assumptions
• To be closed in the summer holidays

Clarifications [Add Clarification](#)

Additional Details
Please see attached quotation for the detailed breakdown of the defined cost

Save as Draft **Submit**



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Example: Compensation Events Register

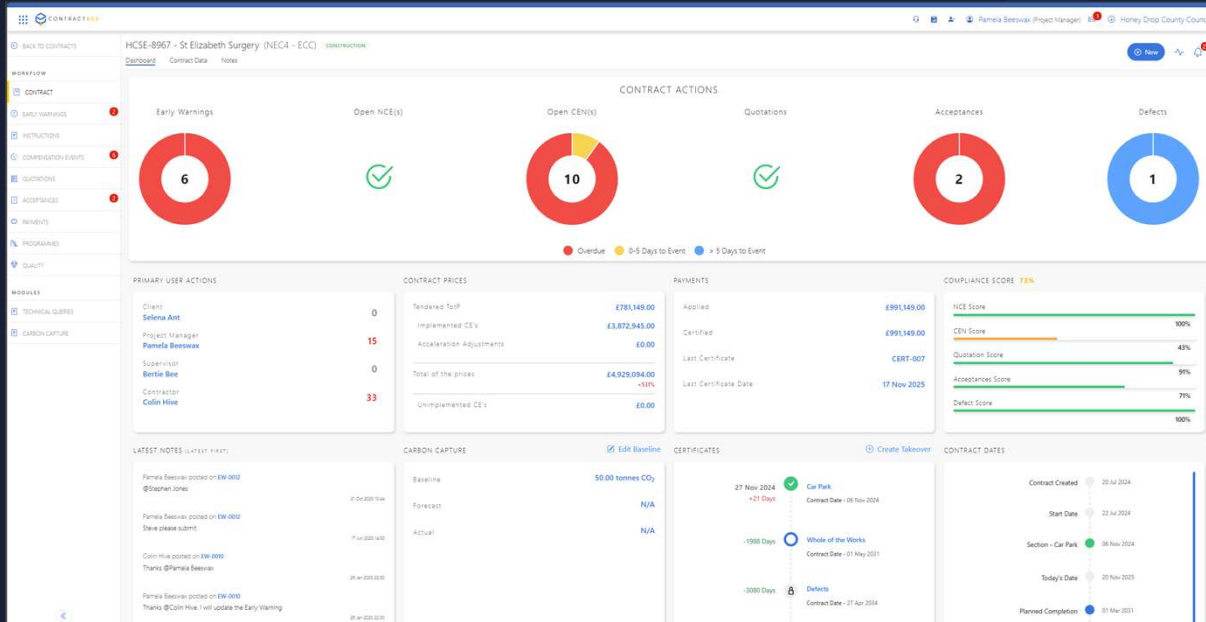
The screenshot displays the 'Compensation Events Register' for contract HCSE-8967 - St Elizabeth Surgery (NEC4 - ECC). The interface includes a sidebar with navigation options like 'BACK TO CONTRACTS', 'WORKFLOW', 'CONTRACT', 'EARLY WARNINGS', 'INSTRUCTIONS', 'QUESTIONS', 'ACCEPTANCES', 'INQUIRIES', 'PROGRAMMES', 'QUALITY', 'MODULES', 'TECHNICAL QUERIES', and 'CARBON CAPTURE'. The main table lists compensation events with columns for Ref, Title, Submitted Date, Next Action, Est. Duration, Est. Cost, CE Close, Response Required, Related, and Status.

Ref	Title	Submitted Date	Next Action	Est. Duration	Est. Cost	CE Close	Response Required	Related	Status
CEN-0020	Removal of Adverse	01 Sep 2024 15:34				01/10/24	24 Sep 2024	Q101-0023 Q101-0024 NCE-0026	COMPLETED
CEN-0019	Removal of Items illegal dumped	29 Aug 2024 14:22	Project Manager			01/10/24	15 Sep 2024	-4294	ACTIVE
CEN-0018	Cable Coves	24 Aug 2024 12:01	Project Manager			01/10/24	14 Sep 2024	-4294 PMI-0013	ACTIVE
CEN-0017	Devon Street Closure	24 Aug 2024 11:41	Project Manager			01/10/24	14 Sep 2024	-4294 PMI-0014	ACTIVE
CEN-0016	Eden Lane Footpath closure	24 Aug 2024 11:28	Project Manager			01/10/24	14 Sep 2024	-4294 PMI-0015	ACTIVE
CEN-0015	Shield Lane Closure	21 Aug 2024 08:53	Project Manager			01/10/24	11 Sep 2024	-4294 PMI-0012	NEW
CEN-0014	Additional Works	21 Aug 2024 06:39				01/10/24	11 Sep 2024	Q101-0017 Q101-0018 Q101-0019 Q101-0021 Q101-0022 NCE-0025	COMPLETED
CEN-0013	Adverse Weather	16 Aug 2024 13:22				01/10/24	11 Sep 2024	Q101-0016 Q101-0017 Q101-0022 NCE-0024	COMPLETED
CEN-0012	Noise Monitoring Equipment	14 Aug 2024 17:12						PMI-0010	COMPLETED
CEN-0011	Resurfacing of Eden Street	25 Jul 2024 16:03						PMI-0009	COMPLETED
CEN-0010	Water Leak	23 Jul 2024 20:15				01/10/24	13 Aug 2024	Q101-0009	COMPLETED
CEN-0009	Revised Traffic Signal Information	23 Jul 2024 17:25				01/10/24	13 Aug 2024	Q101-0004 Q101-0005 PMI-0008	COMPLETED
CEN-0008	Additional Works to Ford Walk	23 Jul 2024 17:06				01/10/24	13 Aug 2024	Q101-0001 PMI-0007	COMPLETED
CEN-0007	Building Road defence	23 Jul 2024 17:02				01/10/24	13 Aug 2024	Q101-0003	COMPLETED

On the right, the 'Related Timeline' shows a sequence of events: CEN-0003 (North Field Street Closure) on 22 Jul 2024, followed by EW-0012 (Access) on 22 Jul 2024, PMH-0003 (North Field Street Closure) on 14 Aug 2024, and Q101-0008 (North Field Street Closure) on 14 Aug 2024.

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Example: Contract Dashboard



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Time taken from Compensation Notification through to Implementation...

*Based on ~18,000 compensation events



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Managing Subcontractors



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Managing Subcontractors

- Subcontractors simply not knowing or following contractual rules.
- Interrogate at tender stage, and then educate/nurture throughout the life of the project.
- Only 33% typically administered under a cloud-based system compared to 72% between Client/Contractor.
- No need to use the same cloud-based system along the supply chain as little benefits other than familiarity; therefore, use what you consider to be the best system for this.
- Acceptance of Subcontractors often not done - limited risk if on site not accepted, but just unnecessary risk.
- Contractors should treat Subcontractors as they would want to be treated by the Client!



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Managing Subcontracts Digitally

Compliance & Standardisation (supporting back-to-back contracts)

Ensure NEC procedures are applied correctly and consistently, maintaining compliance and flowing obligations from main contracts to subcontracts.

Enhanced Transparency & Auditability:

All NEC communications are traceable, creating a single source of truth and audit trail. Supported by upstream / downstream communications.

Data-Driven Decisions Across the Supply Chain

Leverage real-time insights to improve performance and ensure NEC compliance at every tier.

Industry Momentum

Digital Beehive is gaining traction as contractors adopt Contract Bee for NEC subcontract workflows.



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The Role of the Project Manager



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PM Roles & Responsibilities

- verbal instructions have no place – Contractor does not proceed without instruction (PMI). They also should not notify a CE and get that accepted as an alternative to a PMI.
- lack of delegated powers and use of general communication form.
- not pro-contract and not demonstrating any real intent to follow contractual rules.
- Project Manager extending their own timescales without permission.
- assumption/fear by either party that the Project Manager's acceptance means a shift in liability.



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Digitising the PM's role

Standard form of Communication

Embedded forms ensure all required details are captured accurately and in line with NEC requirements. Fast, structured workflows eliminate the need for verbal communication.

Dedicated NEC workflow

A system built for NEC processes eliminates the need for vague, general communications – ensuring clarity and compliance.

Pro-contract by design

All parties are treated equally and governed under the conditions of the contract.

Project Manager Assumptions

Less than 1% of Compensation Event Notifications contain a Project Manager assumption.



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Example: Certificates

Payment Certificate for PA-0006

Payment Certificate (Assessment Date: 02 Jan 2025)

Contract Details		Parties	
Title	St Elizabeth Surgery	Client	Hewley Ship Chasing (Sunderland) Ltd
Reference	HCSE-8967	Project Manager	Bennett Consulting (Pamela Bennett)
Tag	HCSE-8967	Supervisor	HEWLEY (Sunderland)
Location	GP Surgery		
Contract	NEC4 - ECC (Option A)		

Contractor Details		Payment Details	
Contractor Name	New Standard Contractors (John West)	Assessment Date	02 Jan 2025
Contractor Address	No Address Found	Certificate Due Date	09 Jan 2025
		Final Payment Due Date	27 Jan 2025

Under Clause 51.1 of the Conditions of Contract

The Price of Work Done to Date	£822,870.00
Plus other amounts to be paid to the Contractor	£10,000.00
Less amounts to be paid by or retained from the Contractor	£2,000.00
Sub-Total	£830,870.00
Less amounts due in previous certificates	£822,250.20
Amount Due (including Tax)	£8,619.80
In Words	Twenty Three Thousand, One Hundred, Seven British Pounds and Eighty Pence

Digitally signed by: *Pamela*

Pamela Bennett (Bennett Consulting) on 06 Dec 2024 at 15:53

DIGITAL SIGNATURE

[Export Certificate](#)

[View Certificate](#)



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Contractual Documents & Non-Contractual Processes



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Not having access to contract documents

- people on the project not able to access data from their own project
- not knowing Z clause amendments
- people not being trained on understanding NEC contracts generally

Non-contractual processes – RFI/TQs

- Not an NEC requirement, but widely used in our industry, and can be a useful parallel process
- When the answer becomes more urgent, these could then be notified as an early warning



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Managing Contract Documents & Non-Contractual Processes Digitally

Document Management

Contract management systems go beyond workflows – they provide full document control, ensuring secure storage, easy access, & compliance.

Integrated NEC Training

Combine theory with hands-on practice by learning NEC principles alongside digital system usage.

Z-Clauses

Track and report on bespoke amendments and learn from contract outcomes versus standard terms.

TQ/RFI

Optional modules that integrate and relate seamlessly with the NEC contractual workflow for added flexibility.



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Example: Contract Documents

The screenshot displays the 'CONTRACTS' system interface for a specific contract. The header shows the contract ID 'HCSE-8967 - St Elizabeth Surgery (NEC4 - ECC)' and the user 'Coin Hive Contractor' for 'Honey Drop County Council'. The left sidebar lists various workflow stages: CONTRACT, EARLY WARNINGS, INSTRUCTIONS, COMPLETION EVENTS, DECISIONS, ACCEPTANCES, PAYMENTS, PROGRAMMES, and QUALITY. The main content area is titled 'Contract Data - Part One' and is divided into three sections: 1. General, 2. The Contractor's main responsibilities, and 3. Time. Section 1 includes fields for 'Main Option' (Option A - Priced contract with activity schedule), 'Rectifying and Avoiding Dispute' (W1 - Adjudication and the United Kingdom Housing Grants, Construction and Regeneration Act 1996 does not apply), 'Secondary Options' (X2 - Changes in the Law, X3 - Sectional Completion, X7 - Delay Damages, X8 - Undertaking to the Client or Others), 'The Client' (Honey Drop County Council), 'The Project Manager' (Beehive Consulting), 'The Supervisor' (BEECOM), 'The Site', 'The period for reply (Days)' (21 Days), and 'The Contractor declares completion date' (13 Jul 2024). Section 2 is titled 'The Contractor's main responsibilities' and includes a note about the Client's identified work. Section 3 is titled 'Time' and includes a toggle for 'The Contractor declares completion date'.



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In Summary.

There are still industry challenges on projects that need to be acknowledged and addressed.

A robust, cloud-based system can streamline this process – but it's up to you to evaluate these solutions and determine which one offers the most comprehensive contractual compliance and the best user experience.

Thank you for listening – are there any questions?

