



DIGITAL BEEHIVE

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.



Contract Bee – Our flagship NEC contract management platform (launched in 2023)

Project Bee – Project and portfolio management software for governance and visibility.

Payment Bee – Dedicated payment application

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We Have Global Reach.



We serve clients across:

- UK
- Ireland
- Peru
- South Africa
- With plans to expand into Hong Kong and Singapore.
- Our solutions support diverse sectors, including infrastructure, utilities, transportation, energy, mining, and public works.

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What We've Achieved in the Last Year.



NEC Partnership Latin America

Forged a strategic partnership with NEC to expand our presence and deliver contract management solutions across Latin American markets



Tie-ins with Glenn and Neil. Strengthened strategic partnerships to enhance product capabilities and deliver greater value to clients.



Supply Chain Uptake

Customers from *Client* organisations, Consultants, Contractors and Subcontractors. 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.

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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

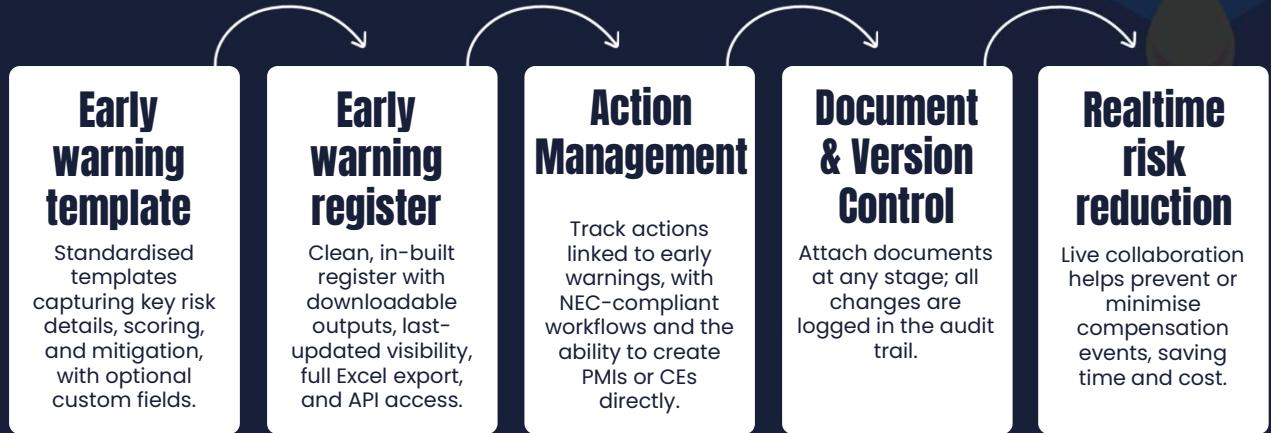
- a claims tool.
- an extension of traditional risk registers, allocating costs and/or liability.
- items to be closed at the earliest opportunity things to be rejected.
- something that needs to be priced.
- Contractor game to “swamp the system” with numerous futile early warnings.

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



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The screenshot shows the ContractRisk software interface. On the left, a sidebar lists various contract types and modules. The main area displays a grid of 'Early Warning' templates, each with a title, description, and a small icon. A modal window is open, showing a detailed view of one of the templates. The modal has tabs for 'GENERAL', 'COMPENSATION EVENTS, ASSESSMENTS & QUOTATIONS', 'SUBMISSIONS FOR ACCEPTANCE', 'PAYMENTS', and 'TIME'. The 'GENERAL' tab is selected, showing a form with fields for 'Title', 'Description', 'Risk Type', 'Impact', 'Probability', 'Mitigation Plan', and 'Owner'. The 'Impact' field is currently set to 'Very Low'.

Example: Early Warning Template →

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The screenshot shows the ContractRisk software interface with the 'Early Warning Register' table. The table is titled 'HCSE-8967 - St Elizabeth Surgery (NEC4 - ECC) CONSTRUCTION'. It has columns for 'Ref.', 'Title', 'Submitted Date', 'Raised By', 'Exposure', 'Event Date', 'Related', and 'Status'. The table lists several entries, each with a unique reference number (e.g., EW-2015, EW-2014, EW-2013, etc.) and a brief description. For example, entry EW-2015 is 'Unknown buried services' raised by the 'Project Manager' on 15 Oct 2023 with an exposure of 'MEDIUM'. The status for most entries is 'NEW', except for a few which are 'CLOSED - MITIGATED' or 'CLOSED - RETIRED'. A large yellow arrow is overlaid on the bottom right of the table.

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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?

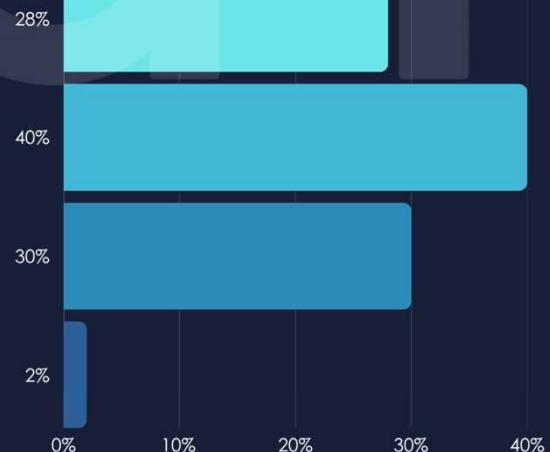


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State of the Industry Survey 2024:

How often do you typically get an Accepted Programme?

● Every month ● Every 2-3 months
 ● Rarely ● Never



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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

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CONTRACTBEE

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

Over 3 months 2-3 months
 1-2 months 2-4 weeks
 Under 2 weeks

Time Taken	Percentage
Over 3 months	30%
2-3 months	6%
1-2 months	12%
2-4 weeks	17%
Under 2 weeks	35%

Average 126 days

*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

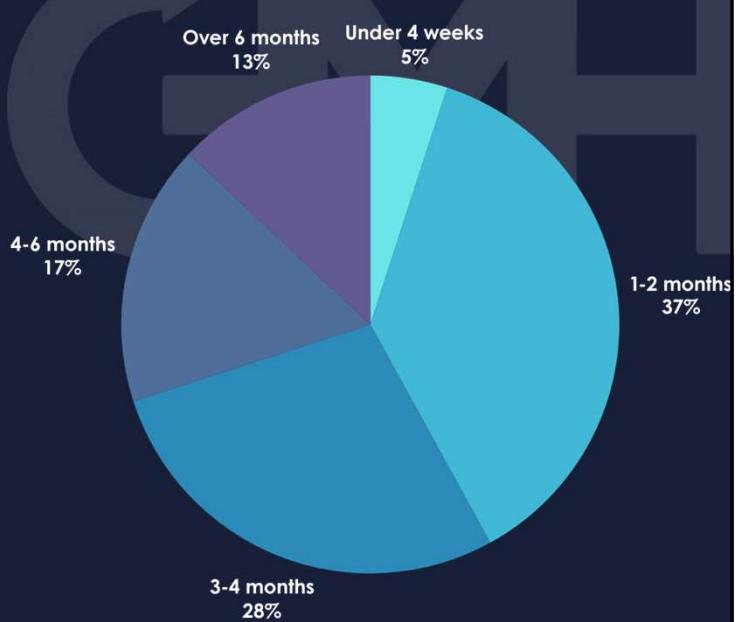
- Fear from Project Manager as to what acceptance means and the liability they are taking on.
- Lack of programmes with quotations,
 - of those polled, 36% compensation event quotations do have a dedicated programme included as part of the submission.
- Lack of Project Manager assumptions to allow Contractor 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: Quotation

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
21/100

Event* Cost & Time
Select Event* (Levelling Quotations) CEN-0015 Shield Lane Closure

Sectional Completion (X5)
Car Park* (Adjusted Day)
17 Days

Completion - Whole of the works* (Adjusted Day)
10 Days

Changes to the Price* £23,013.00

Compensation Event Assumptions
• To be closed in the summer holidays

Clarifications [Add Clarification](#)

Additional Details
B I U E

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

83 / 5000

[Save as Draft](#) [Submit](#)



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Example: Compensation Events Register

The screenshot shows a list of compensation events (CEN) and their details. The columns include: ID, Title, Submitted Date, Next Action, Est. Duration, Est. Cost, CE Owner, Response Required, Related, and Status. A related timeline on the right shows the sequence of events from CEN-0003 to QM-0008.

ID	Title	Submitted Date	Next Action	Est. Duration	Est. Cost	CE Owner	Response Required	Related	Status
CEN-0000	Removal of Asbestos	01 Sep 2024 15:34		80/101		24 Sep 2024	4 days	QOU-0023 QOU-0024 NCE-0001	COMPLETED
CEN-0019	Removal of items illegal dumped	25 Aug 2024 14:22	Project Manager	80/101		15 Sep 2024	4 days	PMI-0012	ACTIVE
CEN-0018	Cable Covers	24 Aug 2024 12:05	Project Manager	80/101		14 Sep 2024	4 days	PMI-0013	ACTIVE
CEN-0017	Devon Street Closure	24 Aug 2024 11:41	Project Manager	80/101		14 Sep 2024	4 days	PMI-0014	ACTIVE
CEN-0016	Eden Lane Footpath closure	24 Aug 2024 11:29	Project Manager	80/101		14 Sep 2024	4 days	PMI-0015	ACTIVE
CEN-0015	Shield Lane Closure	21 Aug 2024 08:53	Project Manager	80/101		11 Sep 2024	4 days	PMI-0016	NEW
CEN-0014	Additional Works	21 Aug 2024 06:09		80/101		11 Sep 2024		QOU-0017 QOU-0018 QOU-0019 NCE-0002	COMPLETED
CEN-0013	Adverse Weather	16 Aug 2024 13:22		80/101		11 Sep 2024		QOU-0020 QOU-0021 QOU-0022 NCE-0003	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		80/1014		13 Aug 2024		QOU-0004 QOU-0005 QOU-0006	COMPLETED
CEN-0009	Revised Traffic Signal Information	23 Jul 2024 17:25		80/101		13 Aug 2024		QOU-0007 PMI-0008	COMPLETED
CEN-0008	Additional Works to Fend Walk	23 Jul 2024 17:08		80/101		13 Aug 2024		QOU-0011 PMI-0007	COMPLETED
CEN-0007	Building flood defense	23 Jul 2024 17:02		80/101		13 Aug 2024		QOU-0009	COMPLETED

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Example: Contract Dashboard

The dashboard provides a high-level overview of contract performance across several categories.

PRIMARY USER ACTIONS		CONTRACT PRICES		PAYMENTS		COMPLIANCE SCORE 78%	
Client: Selena Ant	0	Tendered ToP	£781,149.00	Applied	£991,149.00	NCE Score	100%
Project Manager: Pamela Beeswax	15	Implemented CE's	£3,872,945.00	Certified	£991,149.00	CEN Score	100%
Supervisor: Bertie Bee	0	Acceleration Adjustments	£0.00	Last Certificate	CERT-007	Quotation Score	43%
Contractor: Colin Hive	33	Total of the prices	£4,929,094.00 +31%	Last Certificate Date	17 Nov 2025	Acceptances Score	95%
		Unimplemented CE's	£0.00			Defect Score	77%

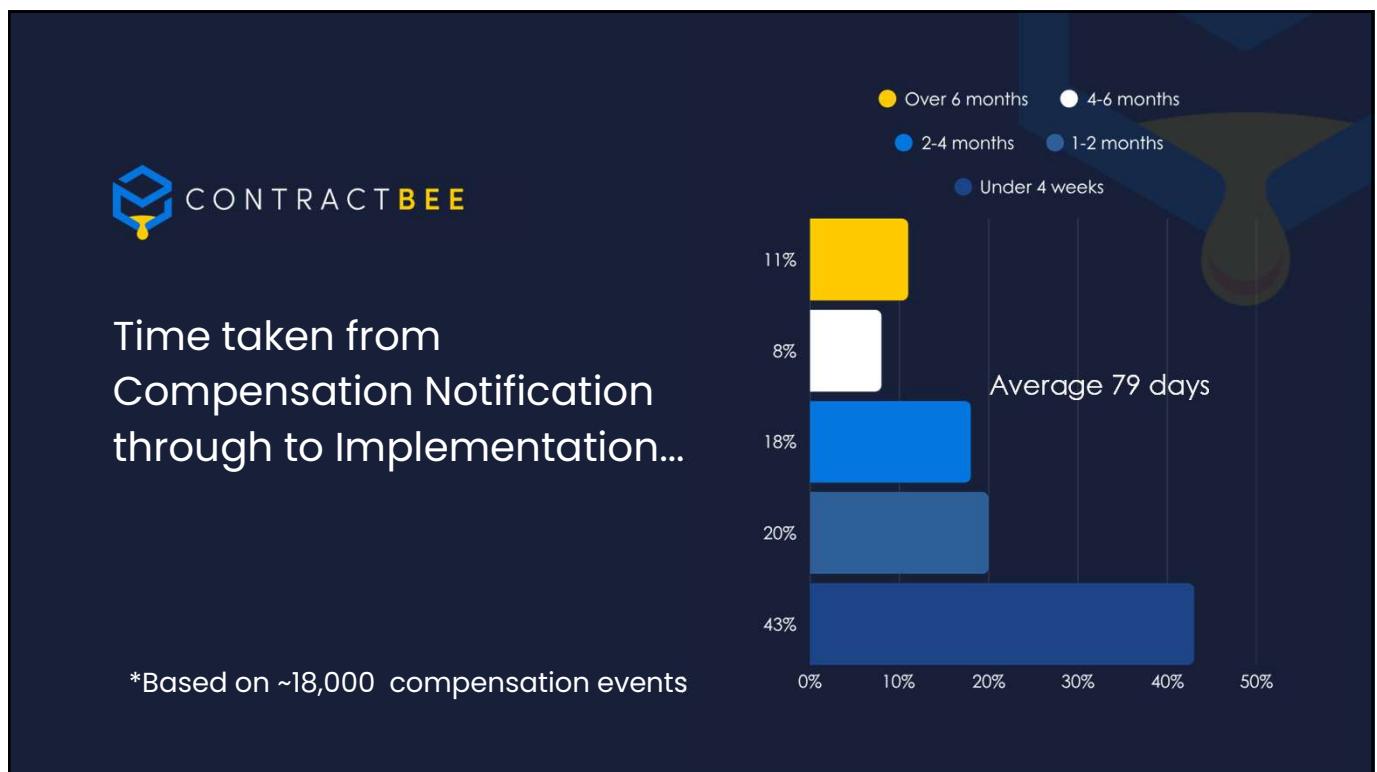
Compliance Score: 78%

Contract Actions Summary:

- Early Warnings: 6
- Open NCE(s): 10
- Quotations: 2
- Acceptances: 1

Carbon Capture, Certificates, Contract Dates, and Latest Notes sections are also present.

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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

The screenshot shows the Contractree software interface. On the left, a sidebar lists various project management modules: BACK TO CONTRACTS, CONTRACT, PAYMENTS, COMMUNICATION EVENTS, QUESTIONS, ACCEPTANCES, PAYMENTS, PROGRAMMES, QUALITY, WORKS, TECHNICAL GUIDES, and CARBON CAPTURE. The main content area is titled 'Payment Certificate for PA-0006' and shows the following details:

- Contract Details:** Title: St Elizabeth Surgery, Reference: HCSE-0007, Tag: CMF 1, Subprogramme: GP Surgery, Contract: NEC4 - ECC (Option A).
- Contractor Details:** Name: Hive Standard Contractors (Glen West), Address: No Address Found.
- Parties:** Client: Honey Drip County Council (Selina Ade), Project Manager: Selina Consulting (Pamela Bessie), Supervisor: BECCOM (Bertha Bed).
- Payment Details:** Application Submit Date: 04 Dec 2024, Assessment Date: 02 Jan 2025, Certificate Due Date: 03 Jan 2025, Final Payment Due Date: 23 Jan 2025.
- Under Clause 5.1 of the Conditions of Contract:**
 - The Price of Work Done to Date: £887,820.00
 - Plus other amounts to be paid to the Contractor: £30,000.00
 - Less amounts due in previous certificate: £2,500.00
 - Sub-Total: £845,320.00
 - Less amounts due in previous certificate: £832,212.20
 - Amount Due (excluding Tax): £23,107.80
- In Words:** Twenty Three Thousand, One Hundred, Seven British Pounds and Eighty Pence.
- Digital signed by:** Pamela Bessie (Bessie Consulting) on 06 Dec 2024 at 15:32.

At the bottom right of the interface, there are buttons for 'Export Certificate' and 'View Certificate'. A large yellow arrow icon is positioned in the bottom right corner of the screenshot area.

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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 shows a web-based application for managing contract documents. The top navigation bar includes 'CONTRACT', 'Dashboard', 'Contract Data', 'Notes', 'Details', 'Part One', 'Part Two', 'Activity Schedule', 'Users', 'Contract Documents', and 'Contract Audit'. The main content area is titled 'Contract Data - Part One' and contains the following sections:

- 1. General**
 - Man Option***: Option A - Priced contract with activity schedule
 - Resolving 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; **X5** - Sectional Completion; **X7** - Delay Damages; **X8** - Undertaking to the Client or Others
 - The works are:
 - The Client***: Honey Drop County Council
 - The Project Manager***: Beeccom
 - The Supervisor is (Optional): Beeccom
 - The Site is:
 - The period for reply (Days)*: 21 Days
- 2. The Contractor's main responsibilities**
 - If the Client has identified work which is set to meet a stated condition by a key date
- 3. Time**
 - The Contractor decides completion date:
 - The starting date*: 22 July 2024



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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?

