

July 2026

CECA NEC4 Bulletin

CECA Member Briefing:

Bulletin Nr 67: Start up guide/early stages for an NEC contract

Introduction

Training and development support is a key part of CECA's core offer for its membership and working in conjunction with GMH Planning it has delivered a programme of training events around the NEC Form of Contract across several CECA UK regions.

In addition to this training, a series of monthly NEC Contract Bulletins are being produced for both Contractors and Subcontractors to improve practical awareness on key topics within the NEC. The coverage, whilst not exhaustive, is intended as a general overview on some of the contractual principles to increase a wider understanding in support of more sustainable outcomes.

For the purposes of these bulletins a contractual relationship between a "Client" and "Contractor" is assumed. The same rules/principles also apply if the contractual relationship is between a "Contractor" and a "Subcontractor" and so the term "Contractor" will be used to describe both parties.

These bulletins are based on the latest NEC4 family of contracts, but the same principles and rules would apply where parties are engaged under an NEC3 form of contract.

Coming next month:

Bulletin Nr 68 - Finishing/closing down an NEC project

Please respond to Lucy Hudson should you require any further information on the CECA NEC4 Bulletins via e-mail: lucyhudson@cecasouth.co.uk.

For further advice or guidance on the NEC details please visit www.gmhplanning.co.uk where you will find a wealth of free [NEC Guidance Notes](#), [NEC FAQs](#), and other helpful measures.

NEC Bulletin 67: Start up guide/ early stages for an NEC contract

Understanding the contractual requirements and starting off a project in accordance with the contractual rules will be integral to the success of a well-run and efficient project. This “start up” guide will pick out the elements that you should check or consider at the beginning of your project to ensure that it starts off in the right contractual way.

Has the contract been returned and signed by both Parties? Ensure that this has been done at the very beginning of the project so there can be no question as to the rules that both Parties have signed up to. Avoid legal “letters of intent” which allow a Contractor to start work (up to a certain value) whilst the final version of the contract is finalised. These are very dangerous and subjective as to what the Contractor can do and what rules they have signed up to initially. It would be better to spend the time and effort to get the actual, fully signed, contract in place so there can be no misunderstandings.



Have staff available at the commencement of the project: Ensure that the project is sufficiently resourced from the outset to ensure that all the contractual elements can be complied with. Starting a project under-resourced means, you run the risk of having to play catch up to get back on track and potentially may never quite recover. Try to ensure project team members are not held up closing out previous contracts and losing focus on their next project starting as well as it possibly can.

Ensure tender team hand-over/brief suitably to their project team: Whoever has tendered the project should fully brief the project team, as to how they priced the scheme and to share any subtleties/specifics that they uncovered, that would be of benefit for the delivery team to know.

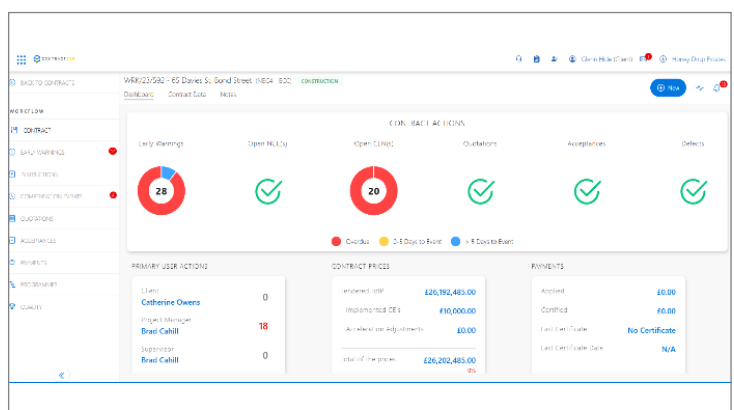
Understand any bespoke contract amendments: It is one thing to understand the standard NEC contractual rules, but very often Clients will make amendments to the standard wording in the form of “Z clauses”. These can be additional clauses or amendments to existing standard NEC clauses. It should be made clear to everyone in the project team which amendments alter the risk profile or bring extra requirements for the Parties/individuals involved.

Is the whole project team sufficiently trained? Review the level of experience and competency of all project team members in relation to understanding NEC contract rules and processes. Where possible/relevant, set up collaborative joint training with both Parties where an independent NEC professional can guide the team to understand and manage the contractual rules. Such training should be made bespoke to the project amendments and content of Contract Data parts 1&2 to give maximum benefit.

Have a copy of the contract: Does everyone on the project team have access to a copy of the contract? It is important that everyone has access to the rules that they should all be working to.

Cloud-based system set-up and being utilised:

Any project should be using a cloud-based system (such as Contract Bee, Thinkproject or similar) to manage the flow of NEC communications on a project. These systems can create efficiencies, ensure that the correct contractual rules are followed and that the correct terminology is used. They also provide full auditability in managing the timescales to respond to each type of communication. Ensure that training has been given to all team members so that they know how to manage the workflows within that system and

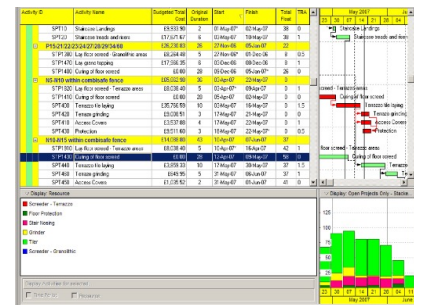


maximise the benefit that it can provide. Make sure that all the relevant people have administration rights to access the system and be able to draft or submit the necessary forms accordingly.

For simpler projects where the Parties do not feel the need to use such a cloud-based system, agree the manual pro-forma/registers that should be adopted to track the flow of contractual communications.

Early Warning Register and Early Warning meetings: The Project Manager should prepare and issue the first Early Warning Register within one week of the starting date (or if using a cloud-based system ensuring it is available to view within that system). They should also arrange the first early warning meeting within two weeks. NEC4 now also includes an “early warning interval” in Contract Data part 1, so it is important that both Parties set up that physical meeting to occur at the interval stated. The early warning process is such a simple yet fundamental element of the contract, so it is important that these meetings are set up to facilitate the early adoption of this pro-active process.

Programme: If a Contractor has referenced a programme in Contract Data part 2 then this becomes the first Accepted Programme. It does not need to be re-issued for formal acceptance as it has already been included in the signed contract.



If a programme has not been issued at tender stage, then the Contractor must submit the first programme for acceptance within the period stated in Contract Data part 1 (which typically will be within 2-3 weeks). It is essential that the two Parties work closely and transparently to enable this first programme to become accepted within the first few weeks (not months) of the project. This establishes the original baseline as to how the Contractor planned to do the works, and the basis on which any future progress and change should be assessed against.

Establish regular programme review meetings. Although not specifically an identified contractual requirement, this is a very practical way to demonstrate each period what the revised programme is showing and the reasons for any change. Look to agree a format for a programme narrative as to what it should include when it is submitted each period (see CECA bulletin 56 for more details).

Appoint any delegates: The Project Manager is the only person who can give an instruction to change the Scope and will be named in Contract Data part 1. If the Project Manager (or the Supervisor) wishes to delegate their responsibilities to anyone else, they need to confirm this in writing to the other Party. Any such delegation should confirm which responsibilities are being delegated, and the timescales that they will be in place for. The delegate should also have the relevant authority on the cloud-based system being used on the project for communications.

The more obvious need for delegation would be to cover holiday periods, but they should also be in place to cover illness which is not obviously planned!

Check that the Scope is fully understood: Clause 20.1 states that the Contractor provides the works in accordance with the Scope. This will typically include drawings, specifications and standards that the Contractor is to work to. Anything that the Contractor does that is not in accordance with the Scope will be classified as a “defect” which would then need to be corrected. The Contractor’s team should therefore be fully aware of everything that is in the Scope to avoid having to do repeat work (or otherwise have to offer a Client saving in order not to correct the defect).



Understand main option: Each main option(A-F) comes with an associated risk profile, so it is important to understand the main option chosen and how that alters the risk. Option A is a lump sum, fixed price, type of contract with much more risk (but also more opportunity) to the Contractor. Option E is a cost reimbursable

contract with far less Contractor risk but then less opportunity to improve on margin recovery (as the Contractor can only claim their fee percentage on top of cost incurred).

Understand secondary options that have been selected: Whether a secondary option has been included or not included can increase/decrease risk accordingly. For further details on this, you can read one of our very first CECA bulletins (No3) as to which secondary options could be a significant risk to a Contractor if not included. For example, not having X18 included would mean that the Contractor has unlimited liability on the project (which could give them significant insurance issues).

Cost reimbursable contracts: For options C/D/E it is important to establish the expectations and level of detail that the Client is expecting in order to prove the Defined Cost in payment applications each period. The Contractor should indicate what they can easily provide within their accounting system to see if that is sufficient for the Project Manager to audit/certify. It is ill advised for the Contractor to simply ask the Client team what they want to see, as the response otherwise may well be “everything”.

Key Persons: Ensure that the Key Persons stated in Contract Data part 2 will be provided by the Contractor. If any of those people are no longer available, the Contractor will have to issue someone of equal experience/qualifications for acceptance to the Project Manager.

Health and Safety requirements: Check any specific Client health and safety requirements that are stated in the Scope to ensure that they can all be complied with from the start of the project. These may well be over and above standard health and safety requirements.

Establish quality plan: The Contractor needs to issue a quality statement and quality plan within the period stated in Contract Data part 1 for acceptance by the Project Manager. It may also be a requirement of the Scope to both produce and formally issue an “Inspection and Test Plan” early on in the project for acceptance.

Acceptance of early Subcontractors: A Contractor needs to issue for acceptance the names of any Subcontractors they plan to procure early, along with the proposed subcontract conditions for acceptance by the Project Manager. The Contractor should not appoint any such Subcontractor until they have been accepted. Even if a Subcontractor was named within the tender submission, they still need to be issued for acceptance (but hopefully acceptance will be a formality if the Client is already expecting them to be put forward).

Activity Schedule (option A) being in sufficient detail: A Contractor is only paid upon completed items in line with their Activity Schedule. If it is not broken down into sufficient detail (depending on contract value and length of the project) it could significantly impact the Contractor’s cash flow on the project. If an Activity Schedule no longer reflects how they plan to carry out the works, they can submit a revised Activity Schedule breaking it into more detail for the Project Manager to accept.

Familiarise yourself with contents of Contract Data: Everyone involved in the administration of the project should be aware of the entries in Contract Data parts 1 and 2. It contains names of authorised people, contractual dates/milestones to be achieved, amount of delay damage liability, period for reply, defect correction period(s), additional compensation events etc.

Establish first assessment date – to suit procedures of the Parties: The Parties can agree the date of the first assessment and thereafter subsequent payment dates (at the assessment interval in Contract Data part 1) where possible to align with Client/Contractor internal reporting systems.

Making payments to Contractor: Ensure that the Parties have each other’s respective bank details so that the first payment(s) can be made without delay.

Compensation Event quotation format: Mutually agree the format that compensation event quotations should take to speed up the understanding and subsequent agreement of the quotations themselves. It would make sense to present them in line with the relevant Schedule of Cost Components to ensure that the Contractor recovers everything that they are entitled to.

Compensation event meetings: Although not a contractual requirement it would be advisable to establish a regular commercial meeting early in the project to review the status of each compensation event at any point in time. It should be in both Parties' interest to want to agree the time and cost implications of each event so they both understand their respective liabilities. Having a regular commercial meeting like this from very early on can help to ensure that each compensation event moves its way smoothly through the phases of notification / quotation / assessment / implementation accordingly.



Insurance policies: Ensure that the Client and Contractor have issued each other copies of the insurances that Contract Data requires them to take out and to check that they are all valid/in date.

Dispute resolution – are senior representatives in place? The senior representatives as established in Contract Data for both Parties should be known and available, in case there are any early disputes on the project.

X4/X13 guarantees in place? If secondary options X4 and/or X13 have been listed in Contract Data part 1 then the Contractor needs to ensure that the Ultimate Holding Company(X4) /Performance Bond(X13) are in place and copies issued to the Client. If not submitted prior to the Contract Date, there is a fall-back period of four weeks from the Contract Date for the Contractor to submit them to the Client. If not submitted within this period, it is a reason within clause 91.2 that the Client could choose to terminate the contract.

YUK1 Project Bank account: Where this secondary option has been chosen, the “account holder” is to establish the Project Bank account within eight weeks of the Contract Date. If the account holder is the Contractor, it submits to the Project Manager for acceptance details of the banking arrangements for the Project Bank Account (PBA). Until the PBA is established, payment is made by the Client to the Contractor.

X20 Key Performance Indicators (KPI): If this secondary option has been selected then it is important that the Contractor understands what is in the “incentive schedule” in terms of the elements that will be reported/ measured against. Each KPI may be a bonus if it is achieved or could be a penalty if not achieved.

Summary: Setting up a project correctly with everyone involved aware of their risk and responsibilities should be a priority for the whole project team. Ensure everyone has a copy of the contractual rules and is briefed to understand how they can efficiently and effectively apply those rules from the very beginning of the project. Setting these behaviours from the outset should maximise the potential for the project being successful.