

5. NEC4 Compensation Event Workshop

Why you should attend this workshop?

This one-day workshop introduces the compensation event process which is the mechanism within NEC contracts for dealing with change. It will also identify specific new clauses associated with compensation events that have been introduced with NEC4. The session focuses on the Engineering and Construction Contract (ECC) contract, but the same principles can be applied to both the Engineering and Construction Subcontract (ECS) and the Professional Services Contract (PSC) forms of contract.

The compensation event process makes it clearer than other forms of contract in the first instance as to whose liability a particular issue is, before then establishing a clear systematic approach to ascertaining the cost and time effect of these events in a methodical and timely manner. The contract seeks to promote/achieve understanding of liability and associated entitlement of individual delays as they occur. This is contrary to the natural tendency of other contracts of saving such delays to the end of a project and trying to resolve entitlement when it is far too late and subjective to ascertain liability with any degree of certainty or fairness.

This workshop will provide you with a detailed working knowledge of the compensation event process from start to finish. It will identify which events in the first instance would constitute a compensation event. It then takes attendees through the definitive distinct processes associated with each event i.e. notification, quotation, assessment and implementation. The workshop will review how such events should be priced and evaluated, considering elements of risk and also time entitlement in association with the latest Accepted Programme. The workshop then runs through a series of case studies and worked examples to allow attendees to consider and apply the contractual process to a number of given situations to decide how they should be managed and what the result in each case contractually would be. Attendees of this course will have a much clearer understanding of the change management process within these contracts and how each such compensation event should be identified, managed and assessed from its inception to its final agreement.

You will learn about:

- what is a compensation event
- the separate compensation event processes involved with each event i.e. notification, quotation, assessment, and implementation
- the difference and interaction between early warnings and compensation events
- the part that the Accepted Programme plays in assessing the time and cost associated with each compensation event
- identifying and preparing quotations for compensation events and how they should be subsequently assessed

Recommended for

This workshop is recommended for anyone who is involved with managing change on a project including project managers, contract managers, quantity surveyors, planners, consultants, within any employer/contractor/subcontractor/consultant organization. Attendees preferably would either have attended an Introduction to NEC3 workshop or have practical experience of working on an NEC project to understand the wider basic principles of the contract to get the most out of the session.