



An Earned Value view of the NEC

Daniel Wynne – Gardiner and Theobald LLP
Lee McDonagh - Mace
Paul Kidston – Costain Group

18th May 2017: EVA 22

Running Order



- 1. Introduction**
- 2. Overview of the NEC and key clauses**
- 3. The 'Performance Measurement Baseline' and 'Accepted Programme'**
- 4. Summary**

Introductions



2. Overview of the NEC



Why the NEC



■ Latham Report

- To bring an end to the adversarial approach that had become so prevalent in the construction industry
- To produce a single contract with a wide application
- To stimulate productive management

■ Guiding Principles

- To satisfy the Achieving Excellence in Construction principles
- Drafted with clear objectives to improve
 - Flexibility, Simplicity (clarity), Good project management
- Encourages trust, collaboration and early risk identification



Why the NEC



- Project Management
 - The role of the Project Manager
 - Pro-active
 - Involved in early warnings, risk reduction, compensation events, ambiguities, subcontractors, accepting programme, programme revisions
 - Programme is a contractual document



Why the NEC



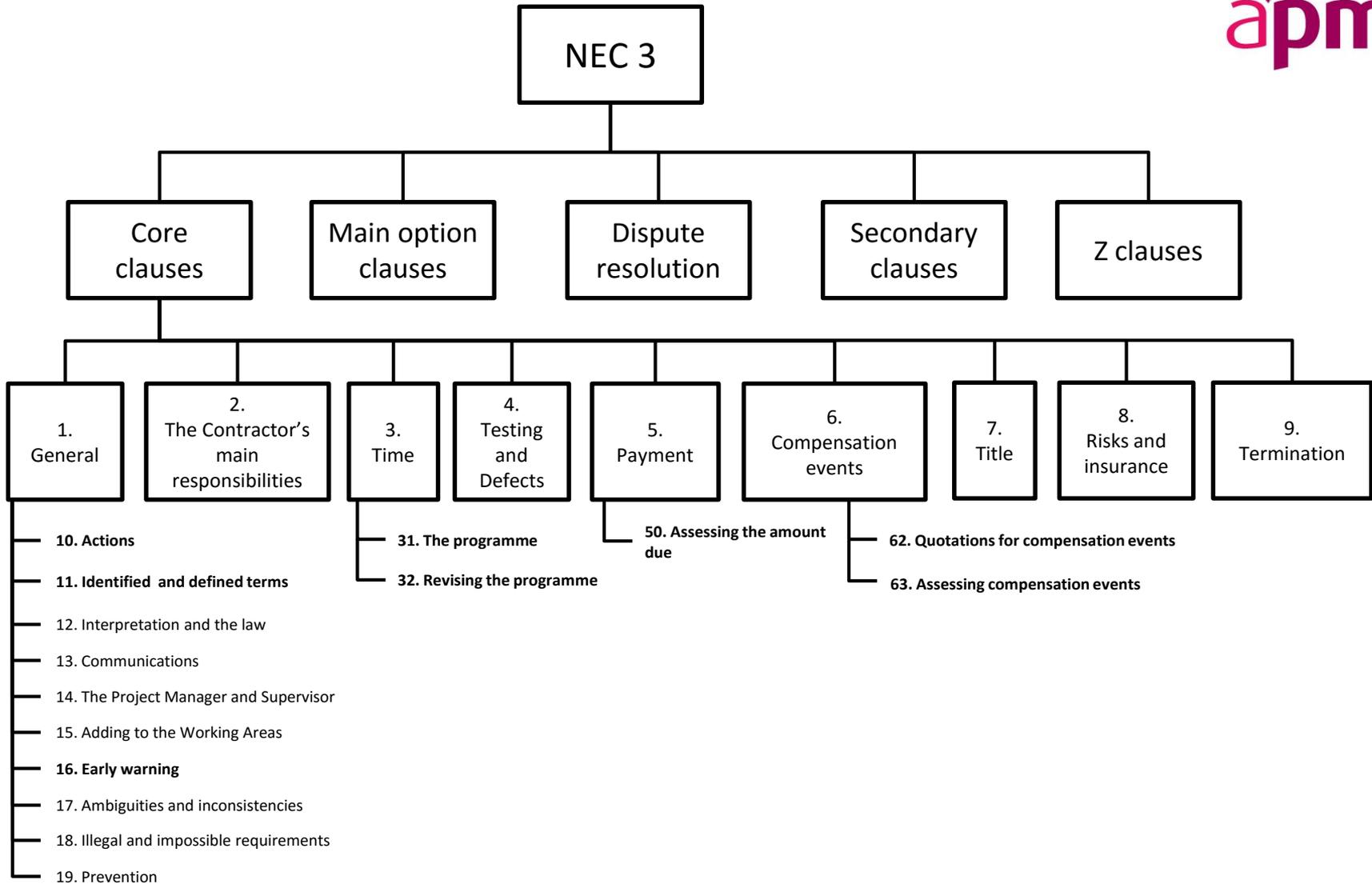
- Non Adversarial
 - Primary partnering obligation

“The Employer, Contractor, the Project Manager and the Supervisor shall act as stated in this contract and in a spirit of mutual trust and co-operation” (10.1)

- The Contractor must co-operate with Others (25.1)
 - In terms of obtaining and providing information which they need in connection with the works
 - Generally



The Contract



Importance of the programme



- Essential to ensure effective project management by both parties
- Much more than a simple bar chart
- Regularly referred to
 - Project management
 - Assessment of compensation events
 - Resourcing
 - Costs
- Basis of Progress Reporting
- Regularly updated



Some Significant Clauses



31.2 'The Contractor shows on each programme which he submits for acceptance:

- the starting date, access dates, Key Date and Completion Date,
- planned completion
- the **order and timing** of the operations which the Contractor plans to do in order to Provide the Works
- provisions for:
 - **float**,
 - time risk allowances,
 - health & safety requirements and
 - the **procedures set out in this contract**



Some Significant Clauses



31.2 'The Contractor shows on each programme which he submits for acceptance: *cont*

for each operation, a statement of how the Contractor plan to do the work identifying the **principal Equipment** and **other resources** which he plans to use and

other information which the Works Information requires the Contractor to show on a programme submitted for acceptance



Some Significant Clauses



32.1 'The Contractor shows on each revised programme:

- the actual progress achieved on each operation and its effect upon the timing of the remaining work
- the effects of implemented compensation events,
- how the Contractor plans to deal with any delays and to correct notified Defects and
- Any other changes which the Contractor proposes to make to the Accepted Programme



Importance of the programme

- Submission of the first programme for acceptance
- Revision by the Contractor
 - Every month
 - On a compensation event
 - When instructed
- Status of the programme
 - Reasons for non acceptance
 - The effect of accepting a programme

A screenshot of a project management software interface. The top part shows a Gantt chart with various task bars in different colors (blue, green, red) representing project activities over time. Below the Gantt chart is a detailed task list or schedule grid with columns for task names, start and end dates, and other project metrics.



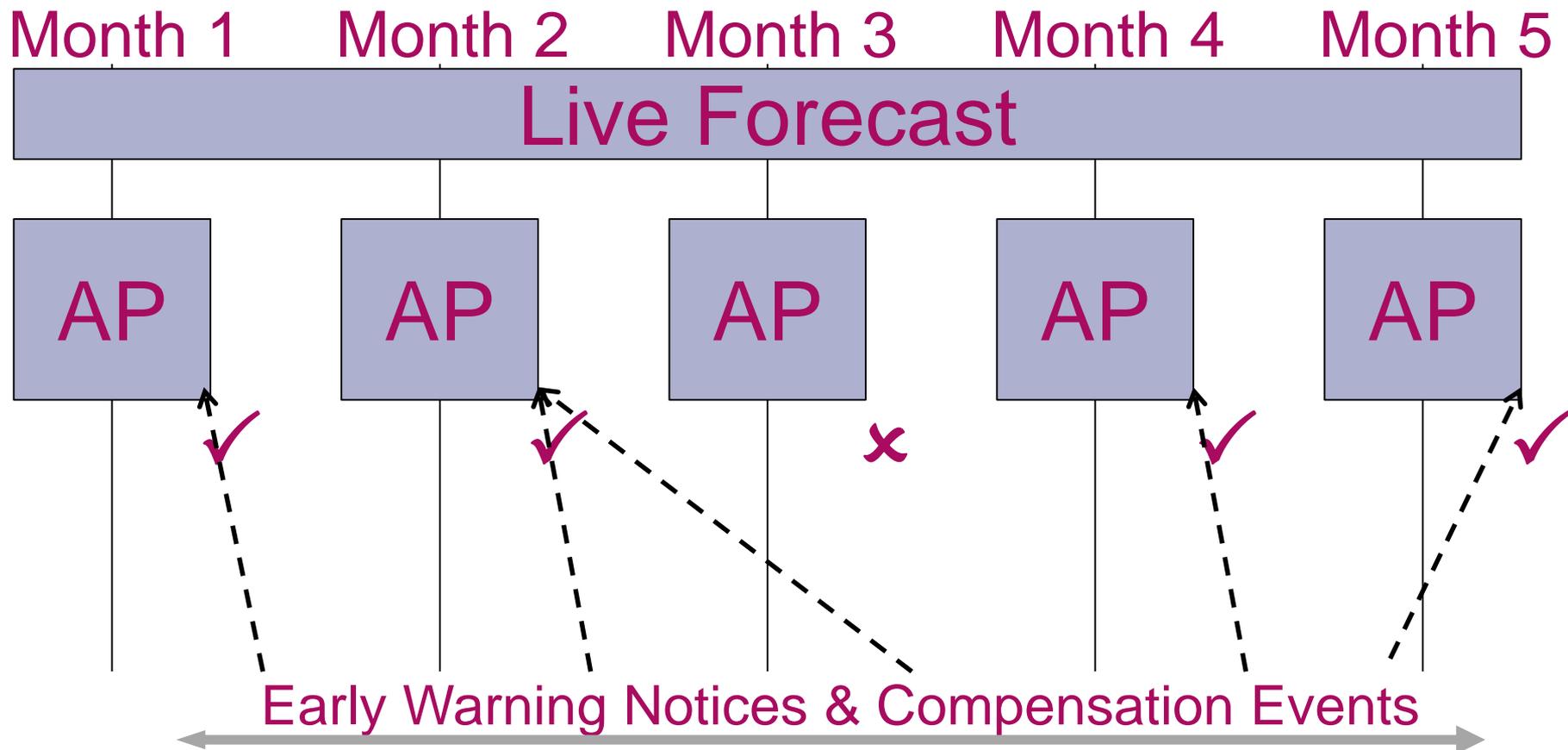
3. The 'Performance Measurement Baseline' and 'Accepted Programme'

The Accepted Programme & Performance Measurement Baseline

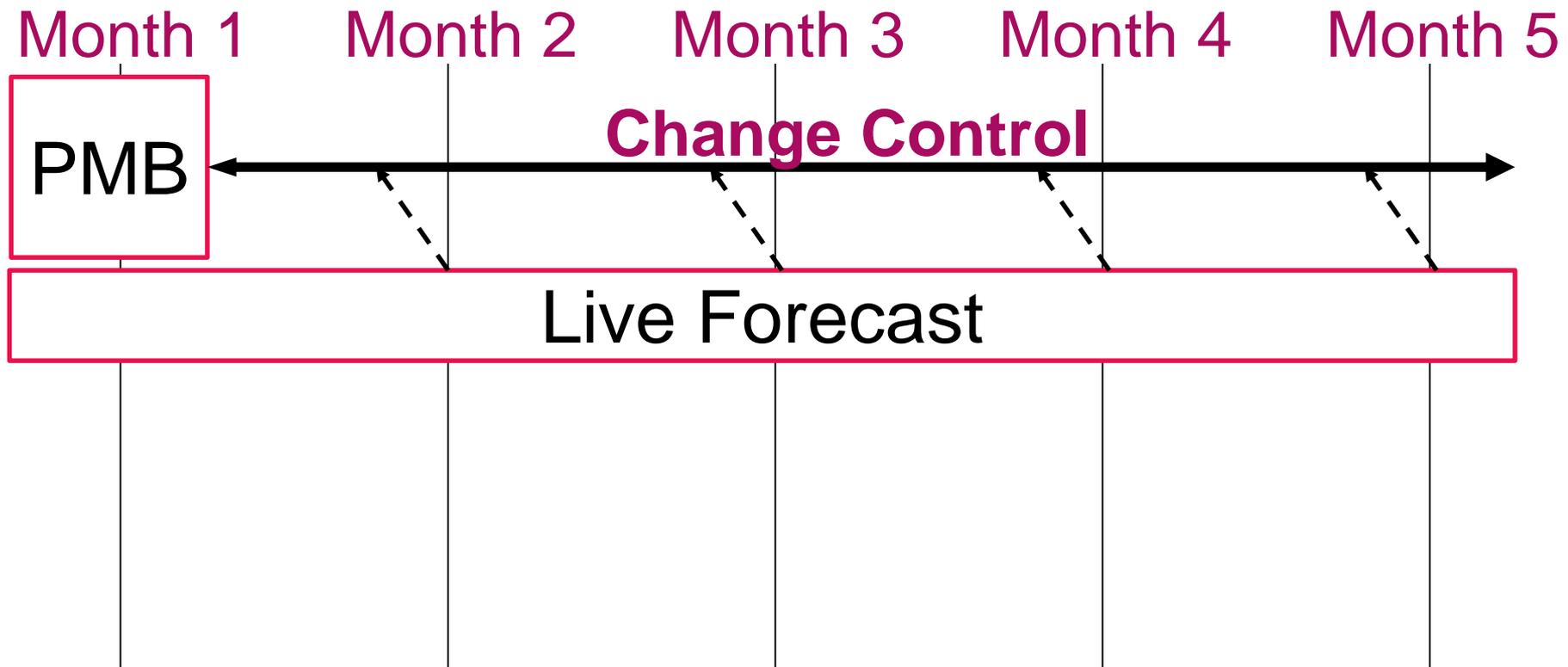


- Programme submitted at regular intervals
- Intended to be accepted at regular intervals
- If not accepted – reissue or move to the next?
- Is the basis for change control
- ...thus in an ideal world...

The Accepted Programme



The Performance Measurement Baseline

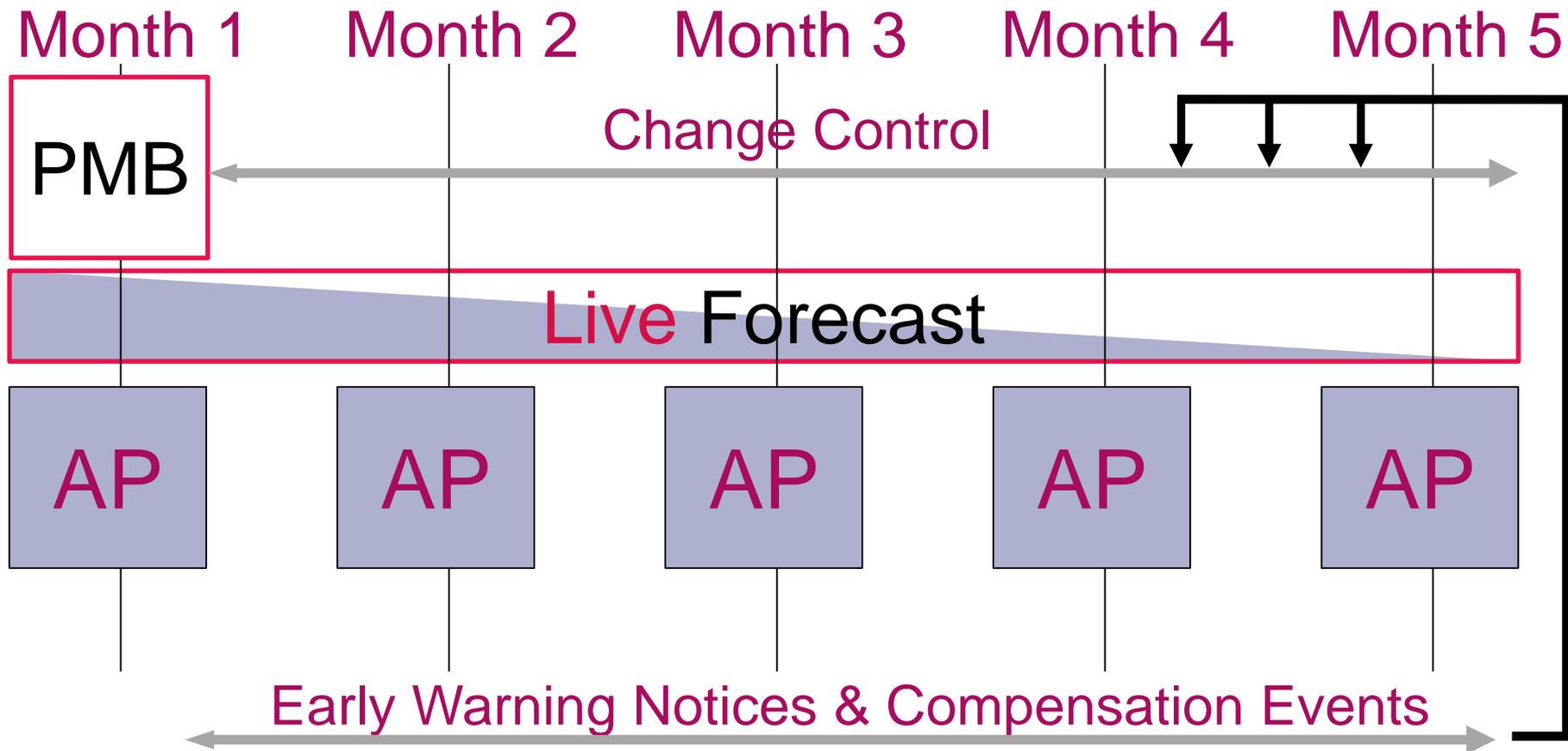


The Accepted Programme & Performance Measurement Baseline



- Two separate process...
- Hard to integrate?

The Accepted Programme & EV Baseline





4. Summary



Are EV & NEC
Compatible?

#1	Is Earned Value enabled by the NEC contract?
#2	Is it achievable to maintain two schedules (the Earned Value 'schedule' and the Accepted Programme)?
#3	Do both Earned Value and the NEC positively contribute to Project Management?
#4	Are Earned Value and the NEC complimentary for management reporting?

Yes	No	Don't know
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



Name (optional)	
--------------------	--



apmKNOWLEDGE

Planning, Scheduling
Monitoring and Control

The Practical Project Management
of Time, Cost and Risk

PLAN
SCHED
MONIT

Earned Value Management
APM Guidelines

apmKNOWLEDGE



**Applying Earned Value
using the NEC Contract**

Applying Earned Value using the
NEC Contract



An Earned Value view of the NEC

Daniel Wynne – Gardiner and Theobald LLP
Lee McDonagh - Mace
Paul Kidston – Costain Group