



CLC News Release

26.07.2021

CLC publishes guidance on Covid impact for NEC4

The Construction Leadership Council in collaboration with NEC has today published joint guidance to industry and clients on dealing with and accommodating the impact of Covid-19 on work under NEC4 contracts.

The guidance adds to the suite of outputs from the CLC's Business Models: Contractual Best Practice group which has routinely called for strategic collaboration between clients and the supply chain to avoid systemic market failures and compromised project delivery.

The guidance focuses on the NEC4 Engineering and Construction Contract (ECC), although it can also be applied to the NEC4 Engineering and Construction Subcontract (ECS), NEC3 ECC and ECS, subject to some amends which are outlined within the guidance.

To help clients and the supply chain to collaborate, the joint guidance offers support in navigating a number of circumstances within the context of the Covid-19 pandemic, including: Act of prevention; Project Manager's instructions; Compensation events; Evaluation of a COVID-19 Related Compensation Event; Working Areas; Resource Utilisation; and Dealing with risk on future contracts.

Commenting on today's publication, Steve Bratt, Chair of the CLC's Business Models Workstream said:

"Following previous guidance, CLC remained open to industry feedback and this guidance was developed in response to a series of questions which were raised with regard to projects impacted by Covid-19 operating under NEC contracts."

"As industry continues to manage the challenges of Covid-19, we are becoming increasingly concerned that many outstanding disputes remain unresolved and much uncertainty exists with regard to future contracts. We are therefore keen to do all we can to ensure clients work with their supply chains to fairly and collaboratively manage the commercial risks caused by Covid-19. Safety is paramount, but collaborative risk sharing will ensure secure project delivery and a long-term sustainable industry."

"Covid-19, safe working procedures and wider disruption has presented all parties with unquantifiable and unmanageable risks and costs. Traditional behaviours such as inappropriate risk transfer will not only lead to a negative outcome on individual contracts but will almost certainly lead to systemic failure in a fragile market seeking to build back greener and better."

"I would therefore like to thank NEC colleagues for collaborating with the CLC team and demonstrating the leadership our industry needs at this time in developing this guidance."

Peter Higgins, Chairman of the NEC4 Contract Board said:

"NEC is pleased to have worked with the Construction Leadership Council in preparing this advice on dealing with covid related issues under NEC contracts. NEC has always been a contract focusing on the parties working together to achieve a successful contract, and this guidance will help in managing collaboratively the risks which have arisen from COVID-19".

Notes for editors

1. NEC and CLC Guidance for Dealing with the Effects of COVID-19 Under NEC3/4 Contracts can be found here: [here](#).

2. The guidance adds to the suite of supportive materials published by CLC. These include:

- The Construction Leadership Council's publication Covid-19: Managing Contractual Disputes & Collaboration - *Summary Guide* can be downloaded [here](#).
- The Construction Leadership Council (CLC) works between industry and government to identify and deliver actions supporting UK construction in building greater efficiency, skills and growth. Visit the CLC website [here](#).
- Government 'Guidance on responsible contractual behaviour in the performance and enforcement of contracts impacted by the COVID-19 emergency' (Updated). Download [here](#).
- The Construction Leadership Council's publication Covid-19: Managing Contractual Disputes & Collaboration - *Summary Guide* can be downloaded [here](#).
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- Government 'Guidance on responsible contractual behaviour in the performance and enforcement of contracts impacted by the COVID-19 emergency' (Updated). Download [here](#).
- CLC statement on Payment & Contracts. Download [here](#).
- PPN 01/20: Responding to COVID-19. Download [here](#).
- PPN 02/20: Supplier Relief due to COVID-19. Download [here](#).
- PPN 02/20: Additional guidance, FAQs and model terms for construction. Download [here](#).
- PPN 04/20: Recovery and Transition from COVID-19. Download [here](#).
- CLC advice on Temporary Suspension of Sites. Download [here](#).
- Pre-Action Protocol for Construction and Engineering Disputes. Download [here](#).
- Construction Industry Council Low Value Disputes Adjudication. Linked [here](#).
- RICS offers a Conflict Avoidance Pledge for early resolution of issues. Linked [here](#).
- RICS Low Value Dispute Adjudication - 15 days service. Linked [here](#).

About the Construction Leadership Council (CLC)

The CLC's mission is to provide sector leadership to the construction industry. The expanded CLC has twelve workstreams that operate collaboratively to address the biggest issues facing the sector, focused on the Industry Recovery Plan. Workstreams include skills and inclusion, building safety and business models. The CLC is co-chaired by Ann-Marie Trevelyan MP, Minister for Business and Industry, and Andy Mitchell CBE, CEO of Thames Tideway.