
SNAPSHOT
SOLOMONS NEC INSIGHTS
PART 3.1
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INSIDER INSIGHTS

# GETTING TO KNOW THE SUITE – SOME KEY FAQS

Each component of the NEC® suite of contracts has its own purpose. Understanding what they do ensures the right one in deployed at the right time.

# Is main Option B a fixed price contract?

Option B is a priced contract with a bill of quantities (BoQ), developed from measurements derived from the drawings and specifications. The risk of carrying out the work at the agreed prices is borne by the Contractor. However, the risk of the measurements (BoQ) being incorrect is usually borne by the Client / Employer.

Consequently, option B is an entirely remeasurable contract (based on a priced BoQ) as opposed to being a fixed price contract.

# Is main Option E a reimbursable contract?

Where in traditional cost-reimbursable contracts the buyer pays the seller the cost incurred plus a percentage of the cost i.e., a cost-plus fee contract; under NEC Option E the Contractor is paid ‘Defined Cost’ based on a pre-agreed set of rules and percentages (identified in the ‘Schedule of Cost Components’ and ‘Disallowed Cost’ provisions) plus fee.

This is managed on an open book basis with appropriate accounts and records being provided to evidence expenditure. Contractors should be aware that not all costs will be admissible and therefore understanding the mechanics and tendering appropriate percentages (considering risk and intended delivery strategy) to ensure recovery is essential.