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NEC4 · CLAUSES 31.2, 63.5 AND 63.8

Time Risk Allowance and Terminal Float

Two different things get called float on an NEC programme, and the contract treats them differently. Time risk allowances sit inside the logic, for matters the Contractor carries. Terminal float is the gap between planned Completion and the Completion Date, and the way clause 63.5 measures delay leaves it with the Contractor. A programme that blurs the two is exposed twice: at acceptance under clause 31.3, and in the next compensation event assessment. Work through these checks before the programme goes in.

1 Separate the three periods before you build the programme

- [ ] **Time risk allowances identified as allowances**, not padding hidden in durations, for matters at the Contractor's risk with a significant chance of occurring.
- [ ] **Total float and free float left where the logic puts them**. They are shared, and whoever needs them first uses them.
- [ ] **Terminal float shown as the gap between planned Completion and the Completion Date**, with planned Completion stated on the programme as clause 31.2 requires.
- [ ] **One sentence in the narrative for each**, so the reviewer never has to infer which period is which.

State it: *which activities carry allowances, how much, and where planned Completion sits against the Completion Date.*

2 Show the allowances the way clause 31.2 expects

- [ ] **Allowances visible on the face of the programme**: a named activity, a coded duration split or an annotated bar, never an unexplained long duration.
- [ ] **Each allowance tied to a risk the Contractor owns**: weather that falls short of the one in ten year test in clause 60.1(13), productivity, procurement, commissioning.
- [ ] **The basis of each allowance recorded**, from the tender risk register, the Early Warning Register or a stated assumption, so it survives a challenge.
- [ ] **Allowances sized from the risk**, not from the gap to the Completion Date, and never carried twice, once inside a duration and again as a separate activity.

State it: *the allowance list, one line each, with its basis.*

3 Protect terminal float at acceptance

- [ ] **Planned Completion stated explicitly**, so the difference from the Completion Date is a number and not an argument.
- [ ] **Nothing the Scope requires for Completion sits after planned Completion**. The gap to the Completion Date is terminal float, not a home for late work.
- [ ] **Key Date float shown separately**, because clause 63.5 assesses a delay to a Key Date the same way, against the planned date the Condition will be met.
- [ ] **Pressure to show planned Completion on the Completion Date resisted**. Giving up the gap gives up the protection.

State it: *planned Completion, the Completion Date and the gap between them, on one line.*

Terminal float is not spare time. It is the Contractor's.

4 Use the right period in every compensation event quotation

- [ ] **Delay assessed as the movement of planned Completion** on the Accepted Programme current at the dividing date, as clause 63.5 requires. Terminal float is not consumed.
- [ ] **Total float consumed by the event shown**, so the reviewer can see why planned Completion did or did not move.
- [ ] **Time risk allowances included in the quotation** for matters with a significant chance of occurring that are not compensation events, under clause 63.8.
- [ ] **Allowances already in the programme not claimed twice**. The quotation prices the risk the event adds, not the risk already carried.

State it: *the effect on planned Completion, the float used and the allowance added, each with a figure.*

5 Keep the allowances honest in every revised programme

- [ ] **Consumed allowances shown as consumed**, with the cause, within the account of actual progress that clause 32.1 requires.
- [ ] **Unused allowances retained** until the risk has passed, then released with a note rather than silently.
- [ ] **Terminal float tracked revision to revision**, with any erosion explained as Contractor delay, a compensation event not yet implemented, or re-sequencing.
- [ ] **The narrative reconciles the three periods each month**, so the accepted baseline and the quotation position never drift apart.

State it: *allowance opened, consumed and released, and terminal float at the data date, revision by revision.*

Before the programme goes in

The reviewer reads the float before the logic.

- [ ] Every allowance is named, sized and justified, and none is hidden inside a duration.
- [ ] Planned Completion and the Completion Date are both on the programme and the gap between them is unambiguous.
- [ ] If a compensation event landed tomorrow, the quotation could be built from this programme without touching terminal float.

Programme float under challenge? Book a 30-minute call about Clause 31 and 32 programmes.

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