

NEC4 · COMPENSATION EVENTS

Compensation Events Quick Reference

A practitioner-grade reference card. Clause-anchored. Drawn from live UK NEC contract administration.

Clause 60.1. the events

The contract lists nineteen events that entitle the Contractor to a change in the Prices, the Completion Date, or a Key Date. The list is exhaustive. only these events are compensation events.

- 60.1(1) PM gives an instruction changing the Works Information.
- 60.1(2) PM instructs the Contractor to stop or not start work.
- 60.1(3) Employer does not provide something it should by the date in the Accepted Programme.
- 60.1(4) PM gives an instruction to deal with an unforeseen physical condition.
- 60.1(5) Employer or Others do not work within the times shown on the Accepted Programme.
- 60.1(6) PM does not reply to a communication within the period required.
- 60.1(7) PM gives an instruction relating to an object of value or of historical interest.
- 60.1(8) PM changes a decision they had previously communicated.
- 60.1(9) PM withholds an acceptance for a reason not stated in the contract.
- 60.1(10) PM instructs the Contractor to search and no Defect is found.
- 60.1(11) A test or inspection causes unnecessary delay.
- 60.1(12) Physical conditions encountered which an experienced contractor would have judged at Contract Date to have such a small chance of occurring it would have been unreasonable to allow for them.
- 60.1(13) Weather measurement occurs more frequently than 1-in-10 years.
- 60.1(14) Employer's risks listed in clause 80.1 occur.
- 60.1(15) PM certifies take-over before Completion and before the Completion Date.
- 60.1(16) Employer does not provide materials, facilities and samples for tests as stated.
- 60.1(17) PM notifies a correction to an assumption they have stated under clause 61.6.
- 60.1(18) A breach of contract by the Employer that is not one of the other compensation events.
- 60.1(19) An event which stops the Contractor completing the works (force majeure-style).

NEC4 · CLAUSES 61 – 64

The Compensation Event timeline



Clause 61.3. the eight-week trap

The Contractor must notify a CE within **eight weeks of becoming aware of the event**. Miss that window and, under NEC4, the Contractor is not entitled to a change in the Prices, the Completion Date or a Key Date for that event.

The trap is not the eight weeks. The trap is **became aware**. That date is provable from contemporaneous records, site diaries, EW registers, RFI logs, programme updates. If the records are tidy, the date is the date. If they aren't, the PM gets to choose.

Figure 1. The NEC4 compensation event clause stack. Time-bar runs from the Contractor's awareness, not from the PM's instruction.

The four review periods

The default periods (variable in contract data):

- **8 weeks** . Contractor's window to notify under clause 61.3.
- **3 weeks** . Contractor's window to submit a quotation under clause 62.3.
- **2 weeks** . PM's window to reply to a quotation under clause 62.3.
- **10 days** . Adjudication-readiness window after a clause 64 PM assessment (operational rule, not a contractual deadline).

FIELD GUIDE

Where this fails in practice

Most CEs do not fail because the law is hard. They fail because the discipline is. Six recurring failure modes from live UK NEC contract administration:

- 01** The Contractor knew about the event in week one and notified in week ten. time-barred under 61.3.
- 02** Notification with no event: a ten-line letter that doesn't identify the 60.1 sub-paragraph, the trigger date, or the change. The PM rejects on form, not substance.
- 03** Quotation without assumptions: bakes in three risk assumptions but states none of them. When the assumptions later prove wrong, no clause 61.6 hook to reopen.
- 04** Programme not impacted: cost change shown but no time impact, when the underlying programme logic clearly has float consumption. PM accepts the cost; Contractor loses the time.
- 05** Cost build-up reconstructed from invoices three months later. Defined Cost is challenged on the build-up, the build-up doesn't hold, the assessment is reduced.
- 06** Silence on the PM's assessment under clause 64. The PM's number becomes the contract number.

“The trap is not the eight weeks. The trap is ‘became aware.’”

OPERATIONAL CHECKLIST

What good looks like

The discipline that wins compensation events. Six commitments a senior commercial team can hold itself to.

- 01** One CE register, one source of truth. Every event tracked from the trigger date through assessment, with the contemporaneous record reference attached.
- 02** Notifications drafted from a template that names the 60.1 sub-clause, the trigger, and the change. Three sentences. Nothing more.
- 03** Quotations that lead with assumptions. a short, numbered list before the cost or time numbers. This is the 61.6 hook; protect it deliberately.
- 04** Cost build-ups that map back to the Schedule of Cost Components, not to the invoices. Defined Cost is a contractual definition, not an accounting one.
- 05** Programme impact assessed from the Accepted Programme using the contract's float-ownership rules. not from the programme the team wishes existed.
- 06** A ten-day Adjudication-readiness check on every PM assessment. If the assessment under 64 is wrong, the Contractor decides within ten working days whether to refer. Silence loses by default.

Further reading on necclause.co.uk

- [/writing/nec-compensation-events-guide](#). long-form on clauses 61–64
- [/writing/nec-early-warning-vs-compensation-event](#). when an EW becomes a CE
- [/writing/nec-option-a-vs-option-c-misapplication](#). Defined Cost in CE assessment