



DHET New Universities Project Management Team

## **Specification for local participation in engineering and construction contracts**

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**Issued by:**

**DHET New Universities Project Management Team**

# Specification for local participation in engineering and construction contracts

## 1 Scope

This specification establishes a key performance indicator in the form of a contract local participation goal where the NEC3 Engineering and Construction Contract is employed and Main Options C (Target contract with activity schedule) is applied.

This specification sets out the methods by which the key performance indicator is established, measured, quantified and verified in the performance of the contract or the execution of an order.

NOTE: This specification can be applied to contracts or to orders (call-offs) issued in terms of framework agreements. Framework agreements are well suited to situations in which long term relationships are entered into. They offer flexibility in attaining contract goals as requirements can be adjusted from one order to another, thus allowing key performance indicators to be improved upon over time.

## 2 Terms and definitions

**2.1** The terms Contractor, Completion, Defined Cost, Equipment, Material, Plant, Subcontractors, Working Areas and Works Information have the meaning assigned in the latest edition of the NEC3 Engineering and Construction Contract.

**2.2** For the purposes of this document, the following terms and definitions apply:

**contract local participation goal (CLCG)**

the percentage of the Defined Cost excluding amounts for specialist subcontractors included in the amount due following Completion of the whole of the works, which represents:

- a) the wages, salaries and amounts paid by the Contractor to local people according to the time worked while they are within the Working Areas;
- b) payments made to local enterprises for Equipment, Plant and Materials; and
- c) payments to Subcontractors who are local enterprises

**framework agreement**

agreement between an employer and one or more contractors, the purpose of which is to establish the terms governing orders to be awarded during a given period, in particular with regard to price and, where appropriate, the quantity envisaged

**local enterprise**

an enterprise which has the skill and expertise to provide services or goods (or both) and the responsibility for the management and supervision relating thereto, in the discharge of a contractual obligation, from a building together with its land and outbuildings located within a geographic area identified in the specification data and which can provide proof of ownership of such premises or a valid rental agreement with the owner of such premises

**order**

the instruction to carry out construction works, services or professional services under a framework agreement

**specialist subcontractors**

Subcontractors who are awarded subcontracts for work of a specialist nature following a competitive tendering process which is conducted in accordance with provisions of the Works Information

**specification data**

data, provisions and variations which make this specification applicable to a particular contract or order

### **3 Requirements**

**3.1** The Contractor shall achieve the contract local participation goal specified in the specification data in the performance of the contract:

**3.2** Credits towards the contract local participation goal shall be assessed and granted by the Project Manager based on information provided by the Contractor whenever the amount due to a Contractor is assessed.

**3.3** Credits towards the contract local participation goal shall be denied by the Project Manager where:

- a) an enterprise does not have the skills and expertise to provide services or goods (or both) from premises located within a geographic area identified in the specification data;
- b) an enterprise does not have the management and supervision responsibilities in the discharge of a contractual obligation from premises located within a geographic area identified in the specification data; or
- c) the Contractor fails to provide proof of ownership of a local enterprise's premises or a valid rental agreement with the owner of premises from which the local enterprise operates from.