

PPC International

PPC International represents the latest development in the rise of partnering as a mainstream option for UK and international developers, contractors and designers. Written by Trowers & Hamblins and published by the Association of Consultant Architects (ACA) in October 2007, PPC International has already been adopted on two major projects in Dubai each worth approximately US\$900m and as part of the suite of standard forms used by a third Arabian Gulf developer.

Those familiar with this PPC website know that Partnering is a team-based approach to procurement of construction and engineering projects, designed to break down the barriers that are traditionally formed between designers, contractors and subcontractors and that have led to missed opportunities, inefficient working practices and a culture of claims and disputes. While contracts do not automatically change deep-seated attitudes, partnering contracts can bridge some of the old divides and can clarify new roles and relationships and the extent of new commercial commitments.

PPC International has its origins in a UK initiative by the Construction Industry Council to create an alternative to late, single stage tenders for a selection of contractors and specialist subcontractors. This process left them outside the team during the crucial phases of design and risk management and, in the expectation of later problems, encouraged them to price additional margins. The Construction Industry Council's work led to the publication of PPC2000 by the ACA in September 2000 and its early adoption on office, school and residential projects in the UK. By 2004, the UK Royal Institution of Chartered Surveyors reported that PPC2000 was being used on 6% of all UK projects (together worth US\$22bn that year) and extended to a wide range of projects governing hotel and leisure developments, hospitals, airports and infrastructure. Feedback on completed PPC projects was encouraging, with Whitefriars Housing Group achieving 20% time savings and 10% cost savings on its US\$500m housing programme and more recently the UK Government Department for Work & Pensions in partnership with private developer Land Securities Trillium achieving US\$370m savings on their US\$2.2bn nationwide office programme.

At the end of 2006, a PPC2000 school project won the Prime Minister's Better Public Building Award, praised for the success of its sustainable design features and its adherence to time and budget notwithstanding the risks created by a contaminated and restricted site. Since then, clients have increasingly recognised that two stage procurement under PPC2000 allows proposals for sustainable developments, whether by way of new design or new working methods, to be properly evaluated rather than dismissed or diluted on grounds of cost alone.

So what is special about PPC International that does not appear in other contracts? Its key features, distinct from any other contract form, are early conditional appointment of the main contractor (and key subcontractors), the use of binding deadlines for all consultant and contractor outputs, the creation of a single contractual hub to ensure clear and consistent terms and conditions, and a system of meetings and communications to ensure early warning of problems and advance information so as to maintain client control over change and risk management. Now the benefits of early contractor appointment under partnering contracts are being exported to the Middle East and PPC International has been created to meet a new demand. In this case, the drivers are more sophisticated project planning by developers (including in particular Islamic banks and client/contractor joint ventures) as well as the increasing failure of price-driven single stage procurement to deliver its claimed cost certainty – or indeed to attract top class architects and contractors in what is a uniquely over-heated marketplace.

And what has PPC International achieved so far? Its adoption on the world class University Hospital project in Dubai was a decision made by the entire team after their selection, with contract signature achieved within two months from standing start by the client (Dubai Healthcare City), main contractor (Al Naboodah Laing

O'Rourke), architect (Ellerbe Becket), project manager (Confluence) and cost consultant (Davis Langdon). Since then, the mechanical and electrical specialist contractor (a Balfour Beatty company, BK Gulf) plus two specialist sub-consultants (GHD and SKM) have joined the team under the same multi-party contract. These early structured relationships have enabled early start on site of substructure and foundation works (saving up to nine months on the programme) and have allowed the team as a whole to contribute to value engineering and reduction of risk pricing in advance of the main works starting on site.

Meanwhile, another developer (Dubai Multi Commodities Centre) has selected its architect, cost consultant and main contractor under PPC International for an office and hotel development known as "The Time Zone Project", and other leading clients and contractors throughout and beyond the Arabian Gulf are expressing a keen interest in the benefits that this form of contract can offer.

So far, so good. PPC International is not the only progressive form of contract available. Others include NEC3 and JCT Constructing Excellence. However, PPC International has now been tried and tested for almost eight years with some obvious successes, as illustrated by case studies on this PPC2000 website. In an industry renowned for disputes, it is also interesting to note that out of the 2,000 UK adjudications that took place in 2004, the number that related to PPC2000's 6% share of the market were not 120, but – zero!

Note:

SPC International, the specialist companion to PPC International has also been published by ACA in October 2007.