

PPC2000

THE ACA STANDARD FORM OF CONTRACT FOR PROJECT PARTNERING

INTRODUCTION AND EXPLANATORY NOTES

WHAT IS PPC2000?

PPC2000 is the first standard form Project Partnering Contract, and is a direct result of the Government's Construction Task Force Report "Rethinking Construction". It was launched by Sir John Egan, Chairman of the Construction Task Force, and provides a foundation and route map for the project partnering process. PPC2000 can be applied to any type of partnered project in any jurisdiction, with the support of legal and/or other professional advice on its implementation.

PPC2000 embraces a number of radical ideas formulated by the Construction Industry Council Partnering Task Force and set out in their Guide to Project Team Partnering. This Guide was launched in June 2000 by Nick Raynsford MP, Minister of State for Construction.

PPC2000 was drafted by David Mosey of Trowers & Hamlins Solicitors, in collaboration with the Association of Consultant Architects (ACA). Prior to its launch it was piloted by the Partnering Teams engaged on a range of housing, office and school projects, both in relation to newbuild and refurbishment works. The ACA and Trowers & Hamlins are particularly grateful to the clients, constructors and consultants working on these pilot projects, who have contributed substantially to ensuring that PPC2000 provides a practical and versatile foundation for project partnering.

PPC2000 is now in use by Partnering Teams engaged on a wide variety of projects in both the public and private sectors.

CONSTRUCTING THE TEAM

To start with the fundamentals, PPC2000 addresses the key recommendations of Sir Michael Latham in his report "Constructing the Team", including:-

- A specific duty for all parties to deal fairly with each other, and with their sub-contractors and suppliers, in an atmosphere of mutual cooperation;
- Firm duties of teamwork, with shared financial motivation to pursue those objectives;
- A wholly interrelated package of documents which clearly defines the roles and duties of all involved, and which is suitable for all types of project and for any procurement route;
- Easily comprehensible language;
- Separation of the key project roles, with the clear identification of a client representative;
- A choice of allocation of risks appropriate to each project according to the party best able to manage each risk;
- Provision for changes to be priced in advance with reference to independent adjudication, if agreement cannot be reached;
- Flexibility as to interim payments by milestones, activity schedules or otherwise;
- Clarification as to when payments will be made, with an entitlement to interest on late payment;

- Encouragement of incentives for exceptional performance;
- Provision for agreement of early payments to contractors and sub-contractors, including for example as to design development work and off-site fabrication;
- Mechanisms for avoidance of conflict and speedy dispute resolution.

KEY FEATURES

So in what way does PPC2000 differ from other standard form contracts? Why is it important for Partnering Teams to familiarise themselves with this new document? Key features include the following:-

Team-Based Multi-Party Approach

PPC2000 allows the Client, the Constructor and all Consultants and key Specialists (i.e. sub-consultants, sub-contractors and suppliers) to sign a single Partnering Contract. This avoids the need for several two-party professional appointments and a separate building contract and/or partnering agreement, and substantially reduces Project paperwork. This single, integrated contract encourages a team-based commitment to the Project, and should reduce the temptation to hide behind unconnected two-party agreements. Additional members can join the Partnering Team by signature of Joining Agreements (Appendix 2).

Integrated Design/Supply/Construction Process

PPC2000 provides for the early selection of a Project Partnering Team and the collaborative finalisation of designs, prices and members of the supply chain (clauses 8, 10 and 12). It covers the full duration of the partnering relationships, and thereby encourages the contributions of the Constructor and Specialists during the key period prior to start on Site, as well as during supply and construction.

Egan Objectives

PPC2000 expressly recognises the recommendations of “Rethinking Construction” and links these to the objectives of the Partnering Team on each Project. Achievement of these objectives is measured against agreed Key Performance Indicators (clauses 4 and 23).

Supply Chain Partnering

PPC2000 provides for finalisation of the supply chain on an open-book basis, encouraging partnering relationships with all Specialists, and includes provision for key Specialists to become full members of the Partnering Team (clauses 10 and 12). It is compatible with the wide variety of sub-contracts used by Constructors, but those sub-contracts must not conflict with the PPC2000 terms.

Core Group

PPC2000 provides for a Core Group of key individuals representing Partnering Team members, who operate an Early Warning system for problems and who undertake regular reviews of progress and performance (clause 3).

Controls

PPC2000 provides for a Partnering Timetable to govern the contributions of all Partnering Team members to partnered activities, including development of designs, prices and the supply chain, and for a Project Timetable to govern their activities after commencement on Site (clause 6).

Signature of the Project Partnering Agreement initiates the partnering process, with flexibility for the Constructor to undertake early work on Site under a Pre-Possession Agreement (clause 13.3 and Appendix 3 Part 1). However, all necessary Project details need to be finalised and agreed before the Partnering Team sign a Commencement Agreement authorising commencement of the Project on Site (clause 14 and Appendix 3 Part 2).

Incentives

PPC2000 provides for agreement of Profit, Central Office Overheads and Site Overheads (clause 12), with encouragement for Partnering Team members to agree shared savings and shared added value incentives (clause 13). Payments can also be linked to performance against KPIs (clause 13.5). Value Engineering and Value Management exercises are expressly recognised (clause 5.1).

Risk Management

PPC2000 provides a clear system for reducing, managing and sharing risks and for agreeing Changes openly and equitably in advance (clauses 17 and 18). Risk management is a duty of Partnering Team members, and there is a facility to agree the balance and sharing of risk appropriate to each Project (clause 18.1).

Non-Adversarial Problem Resolution

PPC2000 provides for a Problem-Solving Hierarchy of increasingly senior individuals within each Partnering Team member's organisation, working to strict time limits (clause 27.2), with further reference of a problem to the Core Group (clause 27.3). It also includes a facility for conciliation or other forms of alternative dispute resolution (clause 27.4). These options are without prejudice to Partnering Team members' legal right to refer a dispute to adjudication (clause 27.5).

Partnering Adviser

PPC2000 recognises the role of Partnering Adviser recommended in the Construction Industry Council Guide, an individual with relevant experience who can guide the partnering process, who can document the relationships, commitments and expectations of Partnering Team members and who can provide an additional facility for problem resolution (clauses 5.6 and 27.4).

WHAT OTHER DETAILS ARE REQUIRED?

At the point of signing the Project Partnering Agreement under PPC2000, the Partnering Team will need to agree the following:-

- the Client's Project Brief and the Constructor's Project Proposals;
- an initial Price Framework;
- provisional Key Performance Indicators;
- Consultant Services Schedules for the Client Representative and each Client-appointed Consultant, together with agreed Consultant Payment Terms.
- the basis for appointment of any Specialists signing the Project Partnering Agreement.

The level of detail in these documents is a matter of agreement among the Partnering Team, and PPC2000 provides expressly for these documents to be developed and finalised as part of the partnering process.

Additional particulars in the Project Partnering Agreement include:-

- the Client Representative and any restrictions on its authority;
- the Lead Designer and members of the Design Team;
- the members of the Core Group and the Partnering Adviser;
- any agreed shared savings arrangements/added value incentives;
- the Partnering Team members' duty of care;
- details of any conciliator and adjudicator.

At the point of signing the Project Partnering Agreement it is not necessary for Partnering Team members to have agreed detailed prices or detailed designs or to have completed selection of the supply chain. These matters can be for the Partnering Team to develop and finalise in accordance with the agreed Partnering Timetable.

WHAT NEXT?

PPC2000 has been developed on the basis of clear guidance from the Construction Industry Council and embraces the recommendations of Sir John Egan and Sir Michael Latham.

It is a single, fully integrated Project Partnering Contract, designed to underpin a team-based approach and to promote clarity and confidence among Partnering Team members. PPC2000 has been tried and tested in practice on a wide variety of projects and is commended to all Project Partnering Teams as a tool to document their working relationships, commitments, expectations and rewards.

In 2001 PPC2000 was endorsed by the following organisations:-

Construction Best Practice Programme	Movement for Innovation
Construction Industry Council	Housing Corporation
Local Government Task Force	Housing Forum

In June 2003, with the benefit of feedback and comment from users of PPC2000, a number of clarifications and other minor amendments were made to the original publishers text and the amended contract was published as PPC2000 Amended 2003.

SPC2000 - the ACA Standard Form of Specialist Contract for Project Partnering and PPC(S)2000 the Scottish Supplement for PPC2000 were published in 2002. These have been amended in line with PPC2000 Amended 2003.

TPC2005 the ACA Standard Form of Contract for Term Partnering, was published in March 2005 after extensive trialing by Trowers & Hamblins.

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