



PPC Alliance Contracts

Summary of Forms and Consultation Group Feedback

BACKGROUND AND TRIAL PROJECTS

In 2015 the Association of Consultant Architects and the Association for Consultancy and Engineering commissioned Professor David Mosey of the King's College London Centre of Construction Law to create new forms of "Framework Alliance", "Term Alliance" and "Project Alliance".

Professor Mosey originally drafted PPC2000 and has since worked closely with the UK Government on "Trial Projects" to analyse the savings and other benefits of the "Two Stage Open Book" procurement and delivery processes .

The output of these Trial Projects were included in guidance launched by Sir Vince Cable in July 2014 which can be accessed at <http://www.gov.uk/government/publications/two-stage-open-book>.

NEW FORMS AND CONSULTATION

Drafts of the new PPC Alliance Contracts incorporate lessons learned from the Two Stage Open Book Trial Projects and have been subject to extensive industry consultation involving over 140 organisations in 14 jurisdictions.

Detailed contributions have been received from leading clients, contractors, consultants, lawyers and academics, and their comments show a high level of commitment to early contractor involvement and collaborative working. Contributions are being assessed, and other organisations are joining the Consultation Group, so that the new forms when published can reflect the needs of prospective users.

The summaries set out below reflect the current drafting and are subject to ongoing consultation.

The contract summaries are followed by quotes from 20 PPC Consultation Group members.

PPC ALLIANCE CONTRACTS

The new Framework Alliance and Term Alliance both govern long-term relationships with joint working by a multi-party integrated team, and include collaborative governance, systems for improved performance and agreed measures of success. The Framework Alliance is entirely new and can be used with any standard form project contract, while the Term Alliance is a refreshed version of the successful [“TPC Term Partnering Contract”](#). The Project Alliance is a streamlined and refreshed version of the successful [“PPC2000 Project Partnering Contract”](#).

All three new forms set out clear processes for the early conditional appointment of a main contractor and key sub-contractors with clearly defined activities and shared information.

All three forms are designed to support Building Information Modelling ([“BIM”](#)).

All three forms include a [“Core Group”](#) to review new proposals and undertake non-adversarial dispute resolution. The Core Group governance system has ensured that only two disputes have gone to court in the 15 years that PPC/TPC forms have been used on up to 6% of all UK projects.

Each form is designed to be used in any jurisdiction, and the [“Legal Requirements”](#) of a country or the [“Special Terms”](#) required by a client are set out in separate schedules.

FRAMEWORK ALLIANCE

This a multi-party framework that creates procedures for award of Project Contracts plus systems for joint working among Alliance members to achieve improved value and greater efficiency.

This new form fills a major gap in the market. It is not restricted to use only with the other PPC forms and can also be used with JCT, NEC, FIDIC and any other standard form construction contract.

Its key provisions include:

- a Direct Award Procedure and/or Competitive Award Procedure, each leading to award of Project Contracts based on a set of agreed Project Documents;
- use of the UK Government's recommended Two Stage Open Book model and the related "[Supply Chain Collaboration](#)" system to achieve improved value and efficiency among Alliance members, each within agreed timescales in a Framework Timetable;
- shared Objectives, Success Measures, Targets and Incentives among the Client, Alliance Manager and all other Alliance members;
- a shared Framework Brief with separate confidential agreement of each Alliance member's Framework Prices;
- joint Risk Management by reference to a Framework Risk Register;
- expansion of the Alliance to include Additional Clients by execution of a pro forma Joining Agreement.

TERM ALLIANCE

This is a long-term call-off contract usable for any type of works, services or supplies. It is a refreshed version of the TPC Term Partnering Contract which has achieved post-tender cost savings of up to 15% and other improved value , as demonstrated on Surrey County Council's "Project Horizon" (<https://www.gov.uk/government/publications/procurement-trial-case-study-report-highways-maintenance>).

Its key provisions include:

- early conditional appointment of an integrated team under the UK Government's recommended Two Stage Open Book model;
- pre-conditions to the ordering of works, services or supplies so as to ensure orderly handover from the build phase or any previous Service Provider;
- shared Objectives, Performance Measures and Incentives;
- improved value and efficiency through Supply Chain Collaboration and Specialist tender procedures implemented by the team within timescales set out in a Term Timetable;
- joint Risk Management using a shared Risk Register;
- agreed involvement of stakeholders and other Interested Parties;
- expansion of the Alliance to include for example key Specialist sub-contractors and suppliers.

PROJECT ALLIANCE

This is a two-stage multi-party project contract that follows the Two Stage Open Book model, strongly recommended by the UK Government as a basis for achieving agreed savings and other improved value and for obtaining the best results from BIM.

The new form is a streamlined and refreshed version of the PPC2000 contract used on a wide variety of successful projects, with results that include post-tender cost savings of up to 20% and other improved value demonstrated on Trial Projects such as the Ministry of Justice “Cookham Wood” project also using BIM level 2 (<https://www.gov.uk/government/publications/procurement-trial-case-study-cookham-wood-prison>).

Its key provisions include:

- early conditional appointment of an integrated multi-party team, including the Constructor and key Specialists, to undertake pre-construction phase activities within timescales set out in a Pre-Construction Timetable;
- early agreement of a Budget, levels of Profit and Overheads and other costs as appropriate, with systems to build up remaining costs through Business Cases and Specialist tenders so as to agree a fully costed Agreed Price ;
- authorisation of early work under a pro forma Pre-Construction Order and authorisation of full start on/off site under a pro forma Construction Agreement;
- joint Risk Management by reference to a pro forma Risk Register as a precondition to agreement of risk contingencies;
- agreement of construction phase key dates in a Construction Timetable;
- mutual intellectual property licences to enable adoption of BIM without additional BIM “protocols”.

QUOTES FROM PPC CONSULTATION GROUP MEMBERS

The following quotes from Consultation Group members show the level of enthusiasm for the new forms. These quotes are taken from more detailed comments and reflect the views of individuals rather than organisations:

"This revolutionises the value of Frameworks – and keeps them alive throughout the term. This is the means to align relationships and focus attention collectively in meeting new challenges and rising expectations. I see fantastic potential for insight, value and benefit from such an alliance" - Antony Silk, Director of Procurement, AmicusHorizon

"I personally value the brevity and logic of the language as well as of course the partnership based approach" - James Dickinson, Head of Legal, British Gas Business Services

"The contracts contain many ideas and solutions that are valuable to inform an emerging Swedish discussion regarding development of partnering contracts" - Dr Anna Kadefors, Associate Professor, Chalmers Institute of Technology, Goteberg, Sweden

"They are wonderfully concise - I look forward to seeing the new forms in action" - Paul Greenwood, MD Greenwood Consultants, Accredited BS11000 Collaborative Business Relationships Facilitator

"I like the style which is easy to read. I also like the concept of the Framework Alliance Contract which draws the parties together"- David Ferroussat, Infrastructure Procurement Director, Heathrow Airport Ltd

"BIM is a very hot topic now in China. Technically, the PPC Contract Conditions meet the current BIM trend in China" - Dongfeng Zhao, Managing Partner, JustfaithLaw Firm, Beijing

"We have considered the broader ACA/ACE objectives - the simpler contract structure is welcome and a potential improvement" - Liam McGirl, Commercial Director, Kier Infrastructure Services (Highways)

“You have created an excellent approach for truly cooperative ,risk-reduced construction contracts” - Professor Stefan Leupertz, Judge of the Federal court of Justice, Germany

“Congratulations on producing this new suite of contracts. I look forward to seeing them published, whereupon I will be happy to promote their use in Australia” - Dr Paula Gerber, Associate Professor, Law School, Monash University

“The changes are positive. I like the idea of a standard Framework Alliance Contract, especially one that can also be used with other forms of contract” - Gareth Stephens, Associate Commercial Director-Construction Division, Mulalley Construction Ltd

“The Project Alliance Contract has been streamlined without eroding any of the PPC’s original ethos. This is a thoroughly modern contract that reads well and is easy to follow” - Francis Ho, Head of Construction, Olswang

“The PPC Project Alliance Contract seems to me a model of clarity” - Lindsay Henshaw, Associate Fellow, Contract Management course leader, MSc in Major Programme Management, Said Business School

“We continue to be avid supporters of PPC and TPC and see the new Alliance Contracts as a logical iteration following 15 years of partnering” - John Kiely ,Director Housing and Public Sector, Savills

“The documents are easy to follow and understand with a clear thread running through them , even for a relative layman” - Jamie Staples, Business Development Manager, Southern Construction Framework

“This is a robust and valuable set of contract documents and I look forward to working with them in the near future” - Nigel Barr, Managing Director, Stradia

"These are an excellent suite of contracts. The documents reinforce the fact that they are a working tool rather than something you sign at the start and forget about unless there is a problem" - Jason Russell, Assistant Director of Highways and Transport, Surrey County Council

"My general response is very positive and I look forward to seeing this develop. The approach is clear and the intent and wording unambiguous" - Orla Hegarty, Course Director, School of Architecture, Planning and Environmental Policy, University College Dublin, Republic of Ireland

"These are concise, clear and a more streamlined version of the current PPC and TPC forms"- Garry McInerney, Operations Director, Vinci Facilities Building Solutions

"The PPC Project Alliance Contract complements BIM implementation perfectly" - Garry Fannon, Head of BIM, Willmott Dixon

"I remain very supportive of the initiative embodied in these contracts. It is essential that there are available to the market up-to-date forms of Project and Term Alliance Contracts to which all members of the alliance are party. The development of the Framework Alliance Contract is also a most welcome initiative" - Ellis Baker, Head of Construction and Engineering, London, White & Case

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