

PPC2000 the “Full Monty of Partnering and Modern Best Practice”

The PPC2000 describes itself as being “the first Standard Form Project Partnering Contract” and has been variously trumpeted as being “a blow for freedom” by Sir John Egan and “the full monty of partnering and modern best practice” by Sir Michael Latham. So what are the key features of this form of contract?

PPC2000 provides a foundation for the partnering process and the key features in this respect are also the ones that distinguish it from other standard forms of contract. These features are:

- the integration of the project team under a single multi-party contract,
- it governs the pre-construction phase as well as the construction phase, and
- provides a procedural framework that supports the partnering process.

PPC 2000 allows the Client, Constructor (the main contractor), Consultants (the Client’s appointees) and where appropriate Specialists (the Constructor’s sub-contractors or consultants) to work together as members of the Partnering Team.

The Partnering Team members are parties to one contract (PPC2000) rather than a series of two-party contracts as in traditional relationships. This reduces interface risks and establishes direct contractual relationships between all Partnering Team members requiring them amongst other things to work together and individually in a spirit of trust, fairness and mutual cooperation.

PPC2000 requires generally that the Partnering Team is established during the pre-construction phase and this ensures that the knowledge and expertise of the Constructor and any Specialists can be taken advantage of at an early stage. Certain pre-conditions have to be satisfied (completely or to such lesser extent as is stated or agreed) before work can start on-site and these include:

- agreement of the Project Timetable,
- development of an integrated design, supply and construction process,
- selection and full involvement of Specialists,
- finalisation of the price supported by the Price Framework,
- finalisation of and satisfactory progress against Key Performance Indicators (KPI’s).

PPC 2000 sets out a procedural framework that supports the partnering process. The Partnering Timetable governs the activities of the Partnering Team members in the pre-construction phase and the Project Timetable governs the implementation of the Project in the construction phase. The Project Timetable is prepared by the Constructor and is subject to approval by the Client.

Important aspects of the procedural framework include a joint commitment to analyse and manage risks in the most cost effective ways, consideration of incentives to encourage Partnering Team members to maximise their efforts for the benefit of the Project, KPI's to measure performance, and the development of the price supported by the Price Framework as the design takes shape and costs become clear during the pre-construction phase.

Management of the Project is facilitated by the establishment of a Core Group who have responsibility for reviewing and stimulating the progress of the Project and the partnering procedures. Problem avoidance and resolution is catered for by an Early Warning system, the involvement of the Partnering Adviser and structured problem solving and dispute avoidance provisions.

The contract conditions also provide clauses dealing with most other matters commonly found in standard forms such as changes, extensions of time and defects. The respective liability of the Partnering Team members needs to be considered. PPC2000 provides that the Partnering Team members owe each other a duty to use reasonable skill and care appropriate to their respective roles, expertise and responsibilities. This duty of care can however be amended by agreement or by using one of the standard options provided.

PPC2000 is a bold step along the route towards project team partnering and more closely integrated project teams. Parties considering partnering or using PPC2000 should not however consider this type of procurement route as a soft option. Partnering is truly about achieving specific business objectives and an active search for continuous measurable improvement. Whilst PPC2000 provides a sound foundation for partnering it is up to the Project Team to deliver the benefits.

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