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A decade after it was written, a review of PPC2000 shows that it really does pay to partner, no matter how chilly the economic weather is becoming

A decade on from PPC2000: Carry on partnering

15 October 2010 | By David Mosey

When PPC2000 was first launched, Building encouraged the industry to take advantage of its systematic approach to project partnering. But times have changed since then and, as PPC2000 celebrates its 10th anniversary, it is right to ask whether a partnering contract remains relevant in an age of cost cutting and general austerity.

First, have PPC projects achieved savings? A report by the Association of Consultant Architects (ACA), entitled 10 Years of Partnering Contracts, suggests they have. For example, the national Job Centre Plus office programme was delivered under PPC by the Department for Work and Pensions and Land Securities Trillium for £737m, which was a 25% saving on the forecast price of £981m. And Hackney Homes' housing refurbishment programme, which combined the component supply chain arrangements of five contractors, achieved a saving of up to 20%.

The key to these results lies in the opportunity that PPC gives to analyse price assumptions during the contractor's early conditional appointment and to agree better deals before authorising work on site. This is done by programmed design review and supply chain re-engineering, which ensures the best use of the extra thinking time.

If there is no scope to achieve savings, clients at least need to stay within their budget. The ACA case studies include two PPC academy projects for the City of London, a schools programme for Harrow council, and a station refurbishment project for Virgin Trains that all met demanding targets. Behind this lies the contractual commitment to work within a stated budget and an agreement that if the budget is exceeded, the client can terminate all appointments ahead of starting on site.

But have savings been achieved at the expense of quality? The £22m Bermondsey Academy project, under which Willmott Dixon and other team members navigated the risks of site contamination and site relocation, was awarded the DTI/CE Quality in Construction Award and the Prime Minister's Better Public Building Award in 2006. So with clear contractual controls during preconstruction, it is possible to reconcile cost savings with good-quality design and construction.

The other big drivers in the current era are designs that reduce waste, carbon emissions and energy consumption, and construction that offers training and jobs. The formal two-stage PPC process allows the parties to interrogate subcontractors and suppliers on the cost and value of their sustainability proposals and apprenticeship schemes, so the client can decide whether they are affordable. Golding Homes, for example, worked with Vinci on a PPC housing improvement programme that allowed Mid Kent College and North Kent Construction Skills to create training schemes and apprenticeships for kitchen and bathroom works. Similarly, Whitefriars agency under PPC that secured 200 training opportunities over a five-year

But what if things go wrong under PPC? The key is to put in place commur is obliged to meet and look at any problem before it is taken to another level used with the refurbishment of Bewick Court in Newcastle, where construct a key cladding specialist by taking on its employees and completing the cl agreement through core group consultation. The alternative was a delay and cost overrun that would have soured the job at an early stage and almo

Another example of risk management was the £17m Manchester Piccadilly Ramada Hotel, where a complex refurbishment programme, and the need to keep the hotel operational, created a continually changing brief and significant risks on site. The core group had to ensure that work stopped, when necessary, on what project manager Jones Lang LaSalle described as "not a project for the faint-hearted".

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To date, no PPC project has been to litigation or arbitration, and only a handful have been to adjudication, despite throughput worth several billion pounds a year, according to the RICS. So, the partnering teams must be doing something right.

The 2008 Arup Report for OGC described PPC2000 as “a complete procurement and delivery system that is distinct from other forms of contract”, and the case studies in the 10th anniversary publication suggest this contract is as relevant now as ever.

David Mosey is head of construction at Trowers & Hamlins, and was involved in drafting PPC2000. Visit www.ppc2000.co.uk to download the ACA’s 10 Years of Partnering Contracts

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