

## PPC2000, SPC2000 and TPC2005 (Amended 2008)

### THE ACA STANDARD FORMS OF PARTNERING CONTRACT

#### Time for a fresh look at partnering?

The PPC2000 Project Partnering Contract was described by Sir Michael Latham as “the full monty of partnering and modern best practice”, and by 2004 was being used on over £9 billion per annum of UK construction works (RICS figures). Both PPC2000 and the TPC2005 Term Partnering Contract have been widely adopted in the public and private sector on projects and programmes for the procurement of offices and housing, schools and universities, care homes and hospitals, airport facilities and roads, hotels and leisure facilities to name but a few. PPC2000 has also been used as the basis for major frameworks such as the NOMS prisons programme and a very large number of Decent Homes programmes. Most recently, PPC International has been adopted in the Middle East on a new University Hospital and two major mixed use developments.

However, nothing stands still and regular feedback from clients, constructors and service providers through the nationwide PPC User Groups has signalled the need for improvements in the PPC2000 suite. Hence, October 2008 sees a relaunch of the PPC, SPC and TPC forms, and this introduction summarises the key changes.

The structure and content of all the PPC documents remains essentially the same. Changes are introduced only where this has a practical purpose and these are primarily as follows:

- 1 **KPIs, targets and incentives** - PPC2000 and SPC2000 now include provision for a schedule of KPIs and targets to motivate improved performance. They also include greater emphasis on agreed incentives including shared savings, shared added value and pain/gain.
- 2 **Partnering Timetable and Risk Register** - In line with the approach taken in TPC2005, PPC2000 now incorporates model forms of Partnering Timetable and Risk Register so as to emphasise the importance of these documents as tools to support efficient project processes. Both these model form documents (and the TPC2005 equivalents) now contain guidance notes as to the activities that they should cover, with cross-references to the relevant contract clauses.
- 3 **Sustainability** - PPC2000 has always included improved sustainability as a suggested KPI, and this is now carried through into TPC2005. Both contract forms and SPC2000 also include a full definition of the various measures that fall within the definition of “sustainability”, so as to assist Partnering Team members in agreeing practical sustainability objectives.
- 4 **Project bank accounts** - In line with OGC Guidance, PPC2000 and SPC2000 include a project bank account option allowing payments to be made into a designated account so as to assist onward cashflow to sub-contractors and suppliers and thereby attract more competitive prices.
- 5 **User feedback** - Users of PPC2000 have requested some relaxation in very tight time limits for objection to Client Representative instructions (now extended from two working days to five working days) and in the period for the Client Representative to respond on Constructor proposals for mitigating delay and disruption (again extended from two working days to five working days). Users have also requested that the Problem-Solving Hierarchy should be in place at the date of the Project Partnering Agreement rather than waiting until the Commencement Agreement, and have requested that renaming of the “Pre-Possession Agreement” as the “Pre-Construction Agreement” would provide a more accurate description of its status. All of these changes have been incorporated, together with guidance as to the appropriate activities to be governed by a Pre-Construction Agreement rather than a fully fledged Commencement Agreement.
- 6 **Consistency and clarifications** - Some provisions of TPC2005 departed from PPC2000/SPC2000 in their drafting. Where possible (but without a major rewrite) all three forms have now been brought more directly into line. In other instances, the text of the contracts has been clarified so as to assist users in their interpretation.

The PPC suite of contracts have demonstrated that a multi-party contractual structure, with a two-stage approach to create early contractor/sub-contractor appointments, can facilitate significant improvements in the project results achieved by private and public sector clients. For example the Land Securities Trillium Job Centre Plus project (a joint programme with Department for Work and Pensions) achieved 20% savings bringing a £900 million programme in at a final cost of £737 million. PPC contracts also have an exceptional track record in avoiding claims and disputes, with only a handful of adjudications and no known arbitration or litigation despite their increasing use over the last eight years. However, it is fair to say that any contract form needs refreshing. Hopefully users of PPC, SPC and TPC forms will benefit from the changes outlined above to ensure that they get the most out of the contracts in practice.

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