



PPC2000
THE ACA STANDARD FORM OF CONTRACT FOR
PROJECT PARTNERING [Amended 2003]

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PPC2000 drafted by solicitors Trowers & Hamlins and developed together with the Association of Consultant Architects, marks a major breakthrough in the development of a new construction culture as envisaged by Sir John Egan and his Construction Task Force

PPC2000 is the first multi-party partnering contract to be produced following the Government's 'Rethinking Construction' report and initiative

PPC2000 is a non-adversarial construction contract that provides the foundation for the partnering process

PPC2000 can be applied to any type of partnered project in any jurisdiction

PPC2000 received minor amendments in June 2003 to make it an [Amended 2003] version.

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PPC 2000
The ACA Standard Form of Contract for
Project Partnering

INTRODUCTION AND EXPLANATORY NOTES

WHAT IS PPC 2000?

PPC 2000 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.

PPC 2000 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.

PPC 2000 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 new-build 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 PPC 2000 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, PPC 2000 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 PPC 2000 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

PPC 2000 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

PPC 2000 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

PPC 2000 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

PPC 2000 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

PPC 2000 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

PPC 2000 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

PPC 2000 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

PPC 2000 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

PPC 2000 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

PPC 2000 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 PPC 2000, 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 PPC 2000 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?

PPC 2000 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. PPC 2000 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

As at summer 2003 Trowers & Hamblins, with various Partnering Teams, are progressing the trialing of adapted versions of PPC2000 for Measured Term Contracting, Strategic Alliancing and Minor Works. It is intended that standard forms of these documents will be published by ACA once the prototypes have been sufficiently tested in practice. SPC2000 - ACA Standard Form of Specialist Contract for Project Partnering and a version of PPC2000 suitable for use in Scotland were published in 2002.

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The Association of
Consultant Architects Limited

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PARTNERING TERMS

1. PROJECT AND PARTNERING TEAM MEMBERS

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|----------------------------|-----|---|
| Partnering Contract | 1.1 | The Partnering Contract relates to the Project and the Site as each identified in the Project Partnering Agreement to which these Partnering Terms are attached and is made between the Client and the Constructor as each identified in the Project Partnering Agreement and each of the other parties who have executed the Project Partnering Agreement. |
| Partnering Team | 1.2 | The parties referred to in clause 1.1 shall together comprise the members of the Partnering Team, subject to changes in accordance with these Partnering Terms and together with each of those further parties who execute a Joining Agreement in accordance with clause 10.2 or clause 26.9. |
| Roles and responsibilities | 1.3 | The Partnering Team members shall work together and individually in the spirit of trust, fairness and mutual cooperation for the benefit of the Project, within the scope of their agreed roles, expertise and responsibilities as stated in the Partnering Documents. |
| Definitions | 1.4 | All words and expressions used in these Partnering Terms and in the other Partnering Documents shall have the meanings stated in the Definitions set out in Appendix 1 or (if not in conflict with the Definitions) the meanings stated elsewhere in the Partnering Documents. |
| Consultants | 1.5 | Whether or not any Consultant is or shall become a Partnering Team member (and except where any Consultant becomes a Specialist pursuant to clause 10.10 in which case clause 1.6 shall apply), only the Client and no other Partnering Team member shall be responsible for making all payments due to each Consultant in accordance with relevant Consultant Payment Terms. |
| Specialists | 1.6 | Whether or not any Specialist is or shall become a Partnering Team member (and with the exception of any Specialist appointed by the Client pursuant to clause 10.11), only the Constructor and no other Partnering Team member shall be responsible for making all payments due to each Specialist in accordance with relevant Specialist Payment Terms. |
| Reasonableness | 1.7 | In all matters governed by the Partnering Contract, including without limitation any required notice, request, submission, decision, consent, approval, comment, valuation, agreement, opinion, instruction and other communication and activity, the Partnering Team members shall act reasonably and without delay. |

2. PARTNERING DOCUMENTS

- | | | |
|-------------------------|-----|--|
| Roles and relationships | 2.1 | The Partnering Documents describe the roles, expertise and responsibilities of the Partnering Team members and shall govern the relationships between the Partnering Team members and the implementation of the Project. |
| Partnering Documents | 2.2 | <p>In addition to the Project Partnering Agreement and these Partnering Terms, the Partnering Documents shall comprise:-</p> <ul style="list-style-type: none">(i) the Partnering Timetable;(ii) the Project Brief; |

- (iii) the Project Proposals;
- (iv) the Price Framework;
- (v) the Consultant Services Schedules;
- (vi) the Consultant Payment Terms;
- (vii) the KPIs;
- (viii) the additional or amended Partnering Documents developed in accordance with these Partnering Terms including without limitation any Partnering Charter created pursuant to clause 5.6, the Project Timetable established in accordance with clause 6, the designs agreed as Project Proposals in accordance with clause 8, the prices incorporated in the Price Framework in accordance with clause 12, any Joining Agreements entered into pursuant to clause 10.2 or clause 26.9, any Pre-Possession Agreement entered into pursuant to clause 13.3 and any Commencement Agreement entered into pursuant to clause 15.1.

Effect of Partnering Documents

2.3 Any Partnering Document created or amended in accordance with these Partnering Terms shall be binding on all Partnering Team members except that no Partnering Document shall create or amend the role, expertise, responsibilities or other obligations of any Partnering Team member who does not sign it.

Responsibility for Partnering Documents

2.4 Each Partnering Team member who prepares or contributes to any one or more Partnering Documents shall be responsible for the consequences of any error or omission in, or any discrepancy between, such Partnering Documents or its contributions to them, except to the extent of its reliance (if stated in such Partnering Documents) on any contribution or information provided by any one or more other Partnering Team members.

Partnering Documents complementary

2.5 All Partnering Documents shall be treated as complementary and it shall be the duty of all Partnering Team members to warn each other and the Client Representative of any error, omission or discrepancy of which they become aware and (within the scope of their agreed roles, expertise and responsibilities) to put forward proposals to resolve any such error, omission or discrepancy fairly and constructively within the Partnering Team without adversely affecting the agreed cost or time for completion or quality of the Project. Any proposal pursuant to this clause 2.5 shall be subject to prior approval by the Client after Core Group Consultation.

Priority of Partnering Documents

2.6 In the event that a discrepancy cannot be resolved in accordance with clause 2.5, and except where a different priority is agreed by all Partnering Team members, the priority between the Partnering Documents shall be as follows in descending order:-

- (i) the Project Partnering Agreement;
- (ii) these Partnering Terms;
- (iii) the Partnering Timetable;
- (iv) the Commencement Agreement (including the Project Timetable);
- (v) any Partnering Charter;