

Creating a successful contractual framework for partnering – in the UK and Arabian Gulf

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October 2007



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What is partnering?

- A revolution in procurement and project management
- A collaborative system for achieving the successful planning, design and construction of any project
- Numerous examples in the UK and the Arabian Gulf



UK Prime Minister's Better Public Building Award 2006



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Bahrain Bay Development

BAHRAIN

Arcapita goes for partnering on Bahrain Bay

Strategy covers Four Seasons and Arcapita HQ



■ **NEW APPROACH:** Arcapita is sharing risk for big schemes such as Bahrain Bay's Four Seasons tower



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Dubai University Hospital



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Key features of partnering

For the first time contracts create:

- Integration of the client/consultant/ contractor team
- Agreed project processes with supporting Key Dates Schedules
- Efficient communications and avoidance of claims/disputes
- Incentives to perform



Integration of client/consultant/ contractor team

- Early appointment of main contractor
- Sufficient price certainty and appropriate design detail
- Appointment conditional until construction phase ready to proceed
- Clear understanding of client/consultant/contractor roles and responsibilities
- Agreed process for appointing specialist suppliers/subcontractors



Benefits of early contractor appointment

- Contributions to design
- Early value engineering to ensure buildability/affordability
- Client influence over specialist subcontractors/suppliers
- Full pricing information
- Control over pre-construction phase activities



Special School Project, London, UK



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Agreed project processes supported by Key Dates Schedules

- Contractual status of Programmes
- Contractual status of Key Dates Schedules
- Agreeing client/consultant/contractor deadlines to achieve fast-track procurement
- Completion of designs
- Pricing of works packages
- Joint risk management
- Finalisation of construction phase details



Sustainability and reduced carbon emissions

- Traditional single stage procurement risks loss of sustainability proposals through cost cutting
- Early contractor appointment in two stage procurement permits proper analysis of sustainability issues throughout procurement process
- Two stage procurement can be linked to reduced carbon emissions, training and employment, health and safety and whole-life costing



Offices/Housing at Raleigh Square, Nottingham, UK



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Efficient communication and avoidance of claims/disputes

- Terms of reference for key individuals – “Core Group”
- Early warning system in all contracts
- Agreed solutions for benefit of project
- Advance notice of variations/claims
- Problem-solving hierarchy
- Core Group review of problems/disputes



Incentives to perform

- Early contractor appointment
- Reduced costs = increased profit/ fees
- Value engineering = shared savings
- Agreed targets = increased/decreased rewards
- Prospect of additional projects = always the biggest incentive



Contractual structures – PPC2000

- PPC2000 used on over US\$8bn per annum (6% of all UK construction)
- Includes hotels, office buildings, infrastructure and residential developments
- Sir Michael Latham “*the full monty of partnering and modern best practice*”
- Two-stage multi-party approach with supporting Key Dates Schedules



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PPC International

- Used on US\$900m University Hospital in Dubai
- Integrated team based in USA/UK/Dubai/Australia
- Timetabled design/procurement processes
- Early commencement of enabling works including four-storey basement
- Savings through value engineering of structure/façade/mechanical & electrical services



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Conclusions

- Partnering has been very successful in the UK and the Arabian Gulf in:
 - Creating balanced teams
 - Ensuring buildability and affordability of designs
 - Meeting deadlines
 - Analysing and reducing risks
 - Avoiding disputes
 - Saving money and time

