



## **LESSONS LEARNT FROM A £2.5BN ALLIANCE 5 YEAR FRAMEWORK CONTRACT IN THE UK UTILITY SECTOR**

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## WHAT THE CLIENT INITIALLY WANTED

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- = Shared risks and opportunities
- = A “needs” driven arrangement – to meet with their Client objectives
- = Grade A quality Tier 1 and Tier 2 contractors and Designers

## WHAT THE CLIENT INITIALLY WANTED

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- = A supply chain with the global reach and required resources
- = An innovative pain / gain mechanism
- = A defined ECI – Early Contractor Involvement Phase

## WHAT STRUCTURE EVOLVED

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- = 4 separate contractual entities that would contract with the Client
- = 2 JV's , 1 Lead Designer and 1 innovation expert
- = 1 management organisation acting as an operational conduit between the 4 entities and the Client

## WHAT STRUCTURE EVOLVED

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- = A pain gain mechanism with the gain opportunity @ 50% for the Client and 50% for the 4 contracting entitles
- = Caps and Collars maximising opportunity and risk
- = The evolution of a stakeholder balanced Alliance Board

## WHAT COULD GO WRONG ?

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- = Relationships affecting progress
- = Innovation not being defined
- = Hidden agendas

## WHAT COULD GO WRONG ?

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- = The risk of using innovative bespoke contractual arrangements
- = Cash flow management of large schemes
- = Budget constraints for the entirety of the frameworks

## || IMPORTANCE OF THE ALLIANCE BOARD

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- = Ultimate Health and Safety Responsibility
- = Prompt resolution of disputes and disagreements
- = Authority and re-set and re-arrange corporate objectives
- = Driving innovation and continual improvement



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- Wales



Thank you!

Any Questions ?