



Legal update — March 2017

## Projects and Construction Term Alliancing Contract

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**Hot on the heels of the publication of its "Framework Alliance Contract" (FAC-1) in August 2016, and following 12 months' consultation with successful term alliance teams, the Association of Consultant Architects published its "Term Alliancing Contract" (TAC-1) in December 2016. Trowers were involved in the consultation process and held workshops with existing users of TPC2005 to inform the consultation process.**

### So, what are the key changes from TPC 2005?

TAC-1 is based on the successful TPC2005 but has been updated to include the alliancing principles that have been incorporated in FAC-1. Therefore the overall structure and terminology of TAC-1 will match FAC-1 with the only difference being that, whilst FAC-1 provides for delivery of works and services through a call-off contract, based on any form, TAC-1 retains an order system whereby separate orders for each element of work are issued.

TPC 2005 has been used for over 10 years on long term asset management and facilities management programmes including planned and cyclical repairs and maintenance works to support housing stock, offices, highways, schools and hotels.

### Changes in TAC 1 from TPC2005 include:

- Including new processes incorporated in FAC-1 to achieve "Improved Value" through "Supply Chain Collaboration" and other "Alliance Activities" have now been included;
- Flexible order procedure and a more detailed order form with guidance. This allows the client to set out within the contract the relevant order process which will promote flexibility as it allows the client to use TAC-1 for simple repairs to higher value orders where a two stage process might be required;
- agreed template order documents;

- clear provisions for "Legal Requirements" and "Special Terms";
- new provisions for Intellectual Property Rights and confidentiality;
- more flexible communications and recognition of Building Information Modelling; and
- new provisions for co-operation with Users and others on Sites and for handover by the Provider on termination.



Source: Fotolia

### Benefits of using TAC 1

- Savings and improved value through improved training and employment provisions, engagement of the supply chain and clear processes to improve performance;
- Transparency - TAC 1 clarifies whether the client is guaranteeing exclusivity and/or minimum volumes of orders and sets out the process for awarding orders;
- Performance Management - TAC 1 develops the KPI and targets system under TPC 2005 and identifies the agreed consequences if key targets are not hit and links to the Early Warning system;

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- Defined activities to improve value - All parties commit to the agreed processes which are designed to improve value;
- Supply Chain Collaboration - TAC 1 provides more detail about supply chain collaboration and how to achieve the benefits of alliancing with the supply chain;
- Compatibility with all procurement processes and pricing structures - TAC 1, like FAC 1 can be used by Tier 1 and Tier 2 contractors and as a multi-party contract can incorporate consultant contribution. The pricing structure is flexible and the contract can operate with fixed rates, open book, target cost and other pricing models.

TAC-1 appoints all parties to the agreement (the "Alliance Members") including an "Alliance Manager" (the "Client Representative" in TPC2005) under a single multi-party contract. This creates an alliance between a Client, Alliance Manager and the Provider so they can work together to achieve greater efficiency, cost savings and other improved value.

TAC-1 also provides for expansion of the Alliance to include additional Clients and additional Alliance Members.

Apart from a transition TPC2005 will not be available following issue of TAC-1

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