

CASE STUDY: TRAINING

CLIENT	International Energy Contractor
PROJECT	Energy from Waste Plant
CONTRACT	Bespoke contract
CONTRACT VALUE	£115m
WORK SCOPE	Turnkey Contract plus Provision of Operation and Maintenance
BLAKE NEWPORT SERVICES PROVIDED	Training and Guidance Notes.



SITUATION

The client was contracting in the European Market for the first time. The Works were situated in the UK with a need to procure specialised parts from an international supply chain. Blake Newport had provided a 'standard' sub-contract specific for the Project and suitable for works of a value between £1million and £5million within the UK Market. It was based on the IChemE Yellow Book sub-contract.

OBJECTIVE

Further to the ongoing provision of commercial services, Blake Newport was requested to provide guidance notes and training for the Client's site team on English Law as relevant to construction and the operation of the standard sub-contract. The overriding objective was to standardise sub-contracting procedures for the site team. Blake Newport's initial brief was to source an appropriate sub-contract form and adapt it to transfer appropriate risks from the main contract. This exercise was subject to approval by the client's legal team. A standard set of schedules was also necessary. Upon completion Blake Newport were to produce guidance notes and host a training seminar for the site-based staff on contract administration under the new form.

IMPLICATIONS

The penalties for failure under the main contract were onerous. The full risk could not realistically be transferred to the supply chain. Therefore it was vital that the sub-contract clearly identified the extent of the sub-contract scope, the critical deliverables and key milestone dates with appropriate and enforceable damages provisions for failure. Blake Newport was mindful that performance failure in the process environment is equally critical as programme failure.

BLAKE NEWPORT SOLUTIONS

Blake Newport selected the IChemE Yellow book sub-contract for adaptation into a project specific document. Mandatory and key obligations from the main contract documents were incorporated in a style analogous to that of the IChemE. The main contract provided specific express requirements for those sub-contractors designated as 'Major'. Therefore two versions were produced, one of which met the mandatory requirements for a major sub-contractor. The sub-contract was reviewed with and endorsed by the client's legal advisers. The drafting process identified certain limitations on the sub-contractor's liability which, although typical to the IChemE, did not meet the client's expectations. These limitations were therefore expressly identified and explained in the guidance notes. A series of bespoke schedules were created in conjunction with the site team. Guidance was produced which also introduced the legal background for UK contracting. The completed suite was presented in a training seminar for the site engineering and commercial team.

OUTCOME

The sub-contract and associated documents are regularly used by the site team thus standardising and streamlining the procurement and contract administration process. Further, Blake Newport are able to provide cost effective consultancy services across the supply chain as a result of the consistent application of a standard document with which our consultants are familiar.

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