

Developments in Collaborative Contracting

Written by James Reader

Introduction

The construction market is increasingly seeking out new ways to collaborate, to enable the participants to increase value and quality across projects. There are a variety of contract options designed to meet the needs of the contracting parties including the PPC2000 Project Partnering Contract 2000, the NEC4 Alliance Contract, TAC-1 Term Alliance Contract, and the FAC-1 Framework Alliance Contract. FIDIC¹ are developing their own form of collaborative contract which is due to be released in 2026.

What is Collaboration?

Professor Mosey D. (2021) has described collaborative contracting as:

"... a set of processes and relationships through which teams can develop, share and apply information in ways that improve the design, construction and operation of their projects. It supports team selection and team integration, and it offers a fresh approach to legal and cultural issues that can otherwise reduce efficiency and waste valuable resources"².

Traditional Procurement

The alternative is the traditional adversarial form of procurement with the tendency to award contracts to the lowest bidder, which requires the parties to reinvent the wheel with every new project, renegotiating price, contractual terms, and allocation of design responsibility. Where delays occur in traditional procurement or costs are increased, social and environmental benefits of the project are those which most commonly fall away. The opportunity to build trust and relationships may also fall away. Innovation may be harmed and shared knowledge, learning and technological developments, not least in respect of BIM, can be lost where they are not nurtured through multiple projects.



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Collaborative Contracting Benefits

In contrast, collaborative contracting offers opportunities for increased value and quality across a project. Where contractors and suppliers are involved at the early stages of a project their input on design, programming and materials may offer financial and other benefits to the overall project.

Collaborative contracting offers opportunities for shared learning, coherent planning and delivery of a project and its constituent parts. By working together rather than as disparate entities, problems which arise can be overcome more easily and may promote innovative solutions.

Collaborating participants can integrate social and environmental benefits in a cohesive manner and on a larger scale more readily than a succession of individual contracts, which try to deliver similar outcomes but often in a patchwork uncoordinated manner.

¹ Fédération Internationale des Ingénieurs-Conseils / International Federation of Consulting Engineers.

² Professor Mosey, D. "Collaborative Construction and Improved Value" Wiley Blackwell (2021), page 1.



Framework Agreements

Framework agreements offer contracting parties the opportunity to achieve benefits through collaboration. They have been defined as:

"... a contract that permits an owner to issue a number of orders to a contractor for the performance of work at the owner's discretion and usually on an "as needs" or piecemeal basis. The framework agreement will specify the generic contractual terms applicable when an order is made. The principal benefit of this is that it streamlines the procurement process, by not requiring the parties to negotiate and draw up a separate contract for each item of work. It permits a contractor to be brought "on board" before the design and scope of works has been settled"³.

The framework agreement is not limited to the employer and the contractor but may include other parties such as suppliers, sub-contractors, designers, architects and other professionals. Bringing these parties "on-board" before any contract is called off means that their aggregated knowledge can be fed into the design and development process.

FAC-1 - Framework Alliance Contract

King's College London's Centre of Construction Law & Dispute Resolution developed and published in 2016 FAC-1, a Framework Alliance Contract, which integrates any combination of contracts for works, services and supplies.

It was specifically designed so that the contracts which sit under the "umbrella", as it is sometimes known, can be any variety of standard form contract, including: JCT, FIDIC, PPC, ICC, and NEC. There is no limit to the number of contracts which can operate under the umbrella.

The framework can be adapted for use in both common law and civil law jurisdictions and has been translated and adapted for use outside the United Kingdom, in Brazil, Bulgaria, Germany and Italy.

Participants known as Alliance Members are required to work together and individually in a "...spirit of trust

fairness and collaboration for the benefit of the Framework Programme..."⁴.

Schedule 1

Here the Alliance Members set out their objectives; how they will be measured in terms of success; as well as setting the targets and the incentives for the participants in achieving the stated aims. The document forms one part of what are collectively referred to as the Framework Documents, which set out the roles, expertise and responsibilities of the Alliance Members.

Decisions

The running of the framework is overseen by an Alliance Manager and decisions made by consensus of a core group.

Improved Value

Alliance Members commit to improve value across the project or programme of works by working closely with the supply chain and sharing information as to the contracts into which they have respectively entered. They can then determine whether those contracts are delivering value contributing to their stated objectives. Where improvements can be made, they can seek to renegotiate. The agreement provides for the removal of underperforming participants.

Economic Strength

The Alliance Members will bring their combined economic strength to bear on specific targets which offers greater opportunities for them to bring sustained environmental and social benefit to communities in which they operate.

Risk

Alliance Members are required to give early warning to the group when they become aware of matters which are, or which may, affect the objectives of the Alliance or programme of work. A core group will meet to formulate a response. A Risk Register is maintained of the matters which have the potential to affect the objectives of the Alliance.

Analysis

The security of work for the contractors and suppliers involved in framework agreements has enabled them to offer longer warranties, as well as savings on the

³ Bailey, J. "Construction Law" London Publishing Partnership (2020) 4th Edition para 1.73, page 40.

⁴ Professor Mosey D. King's College London's Centre of Construction Law &

Dispute Resolution - "FAC-1 Framework Alliance Contract" 2016, Association of Consultant Architects PDF page 19 of 44. Clause 1.1



project, to invest in their employees, and business development and has created other social benefits such as apprenticeships / local employment opportunities and environmental benefits.

Where frameworks agreements are used for multiple projects shared learning can be carried forward to other projects together with the time, quality and cost savings identified on previous projects.

In his FAC-1 briefing paper, Professor Mosey, D.⁵ (2019) highlights projects where the agreement has been used internationally.

"European Bank for Reconstruction and Development, a mining project in **Kazakhstan**, where **FAC-1** will integrate multiple FIDIC contracts

Liscate Municipality, a Euros 5 million new build school in **Italy**, where **FAC-1** has integrated roles and commitments in relation to Building Information Modelling

Milan University, a Euros 335 million PFI campus redevelopment, where **FAC-1** will integrate an **Italian** public private partnership

...

In **Germany**, where **FAC-1** will integrate supply chain relationships and added-value processes on a combined commercial/residential mega-project

In **Bulgaria**, where **FAC-1** integrates supply chain contracts supporting a FIDIC-based embassy reconstruction project".

At the beginning of June 2025, FAC-1 was acquired by Thomas Telford Ltd, the commercial arm of the Institution of Civil Engineers which produces the NEC form of contract.

FIDIC – Collaborative Contract

FIDIC will soon add to the array of choices available to the industry. Set up in the summer of 2021, Task Group 17 ("TG17") has been developing the new FIDIC Collaborative Contract.

At the FIDIC Official International Contract Users' Conference held in London in December 2025 it was announced that the FIDIC Collaborative Contract is expected to be launched in 2026. The original intention had been to publish at the end of 2025, but the process is taking longer than anticipated.

FIDIC has stated⁶ that the new contract is:

"... aimed at supporting improved collaboration between project participants to achieve clearly defined project outcomes"

and

"...is appropriate for any project where enhanced cooperation and early contractor involvement is needed, particularly those involving complex, multi-party interactions".

A draft of FIDIC's Collaborative Contract is currently in the friendly review stage. Unsurprisingly, whilst the document is subject to change, presentations on the upcoming publication have been at the high level. Set out below is this author's understanding of what is being developed by TG17, taken from events attended this year.⁷

Overview

FIDIC envisage a suite of bilateral contracts not just between the employer and contractor but also between the contractor and subcontractors, and the employer and its advisors.

Unlike FAC-1, it appears the contracts will be project specific and incompatible with alternative forms of contracts such as NEC4. They are designed to be a procurement and contract management tool and not just a legal tool setting out the parties' rights and obligations.

The new contract will include guidance notes and FIDIC's best practice in respect of compliance with law, anti-bribery and anti-corruption measures.

Genesis

The contracts will represent an evolution of the most recent iterations of FIDIC's rainbow suite, but it has

⁵ Mosey D – "FAC-1 Briefing Paper" – King's College London Centre of Construction Law & Dispute Resolution (2019)

⁶ FIDIC Website <https://events.fidic.org/ICUC25/session/3294362/session-6-fidic-collaborative-contract-form-a-new-era-of-partnership-in-project-delivery> (website accessed 12 December 2025)

⁷ King's College London Centre of Construction Law and Dispute Resolution Open Forum on 21 February 2025 and the FIDIC Official International Contract Users' Conference 3 December 2025 – session 7: FIDIC Collaborative Contract Form: A New Era of Partnership in Project Delivery



been made clear they will not represent a revolution. They will be based on collaborative approaches that have been proven to work worldwide, adapted to ensure the FIDIC Collaborative Contract is of a level of sophistication and quality that will be as widely used as other FIDIC forms.

TG17 are clear that the FIDIC Collaborative Contract will not be an alliance contract⁸ and that it will not be aspirational but will have force.

Objectives

The obligations of the parties will be set out clearly in the contracts, as will their objectives and interests. The flow of information and communication will be aligned across the project to integrate workstreams. There will also be a duty to warn and inform in respect of anything which may threaten the stated objectives and interests.

Parties

Representatives of the various parties will be brought together in a collaborative management team who will work together on a day-to-day basis making binding decisions, with the aim of driving the project towards success, with collaboration incentivised. The aim is that this will improve relationships between the parties.

Blame

The contracts will **not** include a "*no blame*" approach, i.e. where contracting parties accept joint responsibility for resolving problems rather than ascribing poor performance or an incident to one party or another. FIDIC's reasoning is that the clause is often watered down or removed from contracts.

Adaptable

The contracts will be flexible, as what is important to each of the participants and the project will differ in each instance, and adaptable to be capable of being used in a range of jurisdictions. There will be an increased emphasis on what is agreed in the contract data.

Pricing

The contracts will include a range of pricing options including the cost reimbursable approach, cost plus, target budget, lump sum and others.

Project Life Cycle

The contracts will not just focus on the construction phase of the project but also address early contractor involvement, the operation and maintenance stage, and decommissioning.

Status

It is unclear whether the new contracts will be collaborative versions of the current suite or standalone documents which dovetail with the current iterations. This author suspects it will be the latter, but only time will tell.

Conclusion

This author looks forward to reading the new FIDIC Collaborative Contract, its features and how it operates. In the meantime, contracting parties may continue to use FAC-1. It will be interesting to see the extent to which global financial institutions, which mandate the use of FIDIC contracts in international development projects, will insist on the use of FIDIC's publication over alternatives such as FAC-1.

Time will tell or; to add a further seasonal adage, the proof will be in the [Christmas] pudding.

We would be interested to hear what you think.

Please get in touch at

james.reader@howardkennedy.com or on LinkedIn with your thoughts or to discuss any concerns.

⁸ An alliance has been described as "A long-term arrangement which offers opportunities for benefits to be gained by co-ordinated action and cost-sharing over a number of projects or an on-going programme". See Baker E.

"Partnering Strategies: the legal dimension" (2007) Construction Law Journal 23: 344-354

