



Concept Symposium 2016

Governing the Front-End of Major Projects

Exploring the Application of the Alliance Delivery Model within UK Rail Infrastructure: A Case Study



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Network Rail is one of the UK's largest construction clients. A Government review published in May 2011 identified greater collaboration between industry partners as being an enabler for delivering the need to greater value for money. The infrastructure projects business unit embarked upon a collaborative working change programme to transform its supply chain relationships. A major element of this was the development of collaborative contracting delivery models with a particular focus on the use of the Alliance delivery models.

This session will explore the company's development and implementation of the alliance delivery model including:

- the learning from application of the model in other sectors and countries, primarily Australia;
- identification of the necessary supporting elements for Alliancing to work;
- internal and external stakeholder engagement to secure support; and
- the use of 'pathfinder' projects through which to demonstrate the benefits and learn from experience.

More specifically, the case study will consider the factors that are most likely to suit the use of the alliance delivery model, different variants of alliance agreements that were used during the pathfinder projects and the implications for the procurement and tender evaluation process.

The session will also consider the steps necessary to help build the Alliance organisation and culture including the creation and maintenance of a robust governance framework.



Implementing Alliances in UK Rail Infrastructure:

Concept Symposium on Project Governance
Sola Strand Hotel, Stavanger

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OVERVIEW

- Introduction to PTP
- Case study context
- Why alliance? - Criteria for selecting the alliance model
- The Alliance model used
- Application to specific projects



PTP's key responsibilities were:

- Advising on the development and application of the Pure Alliance model
- Working with the client's internal & external legal advisers on the composition of the legal documents
- Behavioural awareness & coaching of the client team pre-contract
- Behavioural assessment of bidders
- Supporting selection of the Alliance Manager and Alliance Leadership Team
- Providing induction training
- Acting as independent adviser to the Project Alliance Board
- Design and implementation a cultural change programme



UK Rail Main Line Infrastructure



Case Study



**everyone
home safe
every day**

Network Rail - Role and Responsibilities

Role:

- To develop, maintain and operate rail infrastructure in partnership with customers, suppliers and other stakeholders

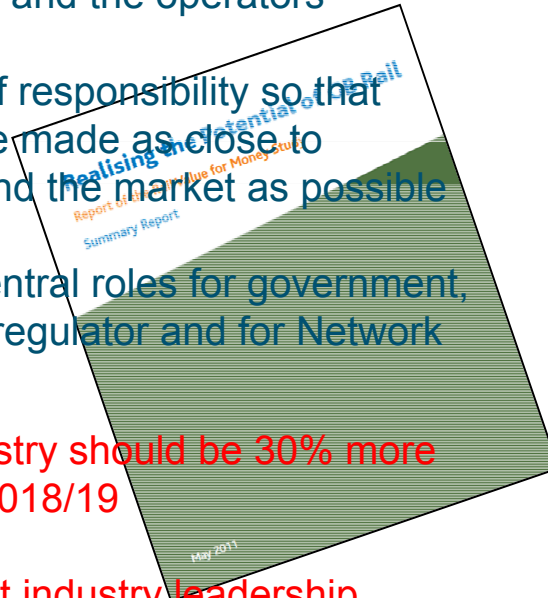
Responsibilities:

- Own, maintain and renew infrastructure
- Operate signals, set timetable, report performance
- Organise track access for railway undertakings
- Conduct short, medium and long-term planning
- Manage the largest stations
- Deliver enhancements (small, medium and large projects)



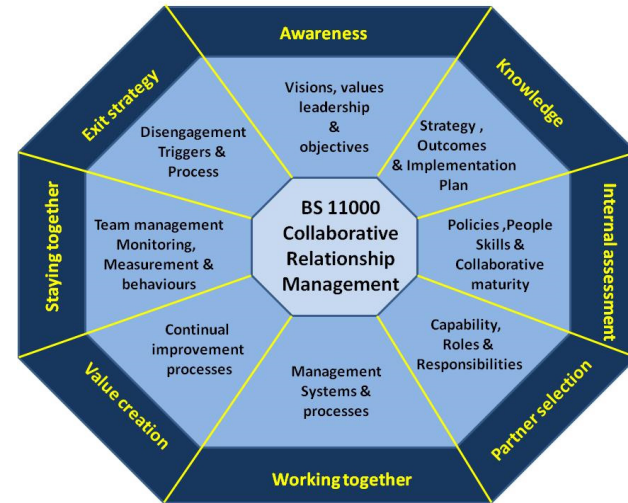
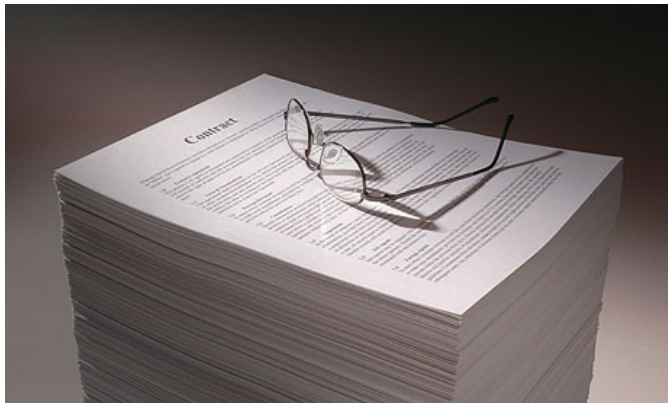
WHY? STAKEHOLDER PRESSURE

- Closer working together between Network Rail and the operators
- Devolution of responsibility so that decisions are made as close to customers and the market as possible
- Reformed central roles for government, the industry regulator and for Network Rail
- The rail industry should be 30% more efficient by 2018/19
- Stronger joint industry leadership





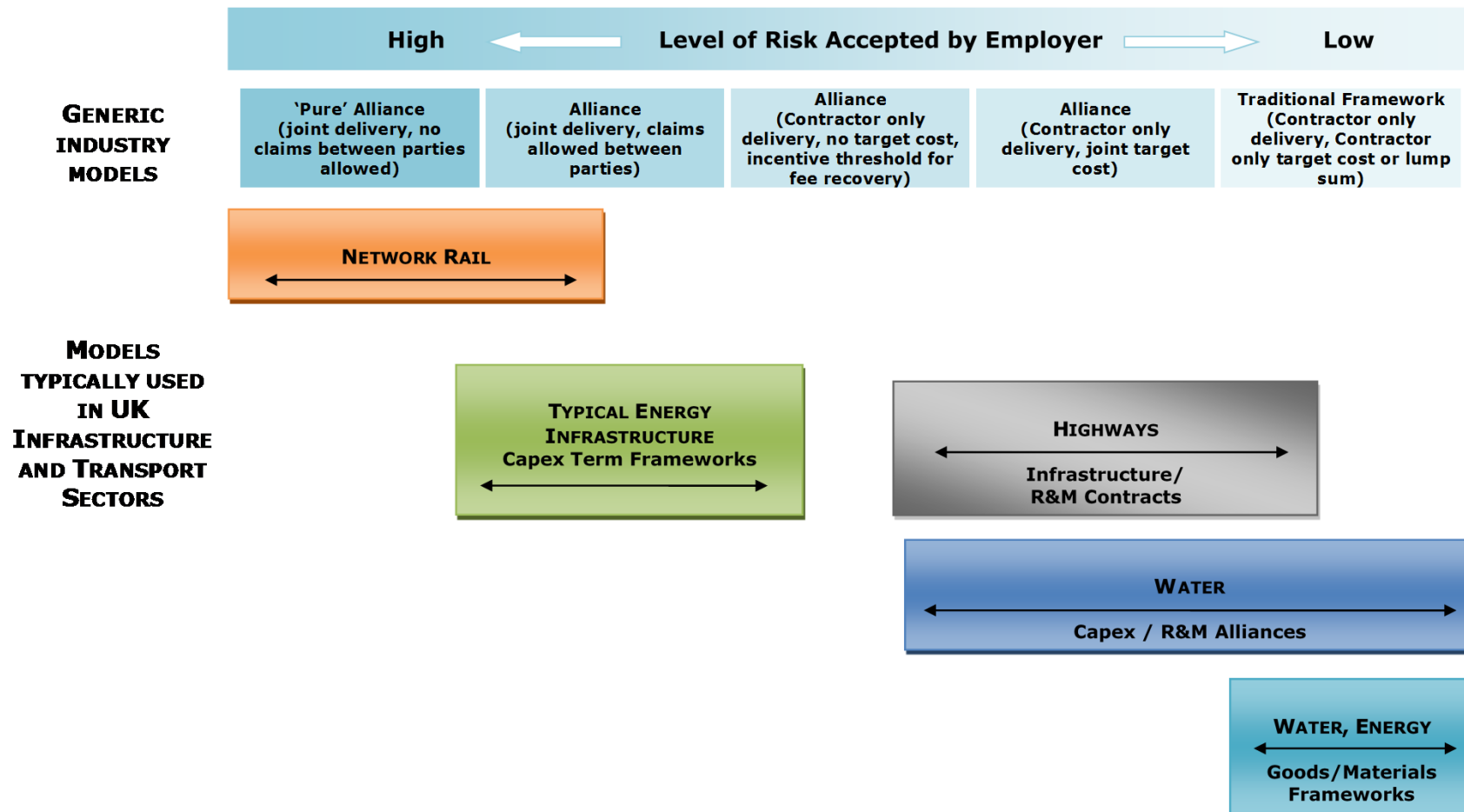
WHAT DID IT MEAN FOR THE CLIENT TO BE COLLABORATIVE?





WARNING! ALWAYS READ THE LABEL

Spectrum of Alliance models – UK Utility and Transport Sectors





PREVIOUS EXPERIENCE – BARRIERS TO BE OVERCOME

- Historic baggage which produces a low level of trust
- Commercial/legal frameworks written to protect owner, not to promote success
- Lack of real commitment at senior level
- An inability to let go and an attempt to hang on to illusions of control
- Minimal investment in the support and education programme
- Alliance ‘badging only’ and ‘business as usual’ attitudes and behaviours
- Lack of knowledge skills and right attitude at operational level
- Lack of leaders with alliance experience and skill set.
- Poor selection process to find suitable participants
- Alliance procurement model not suitable for the project



THE ALLIANCE JOURNEY – Project Suitable for Alliancing?

- Uncertain scope of works
- Complexity of the project
- The project has to interface and co-exist with an existing operating facility
- Numerous complex and/or unpredictable risks,
- Difficult stakeholder issues
- Tight timeframes
- High likelihood of scope change
- Shifting business or political imperatives

Alliance Forms of Agreements



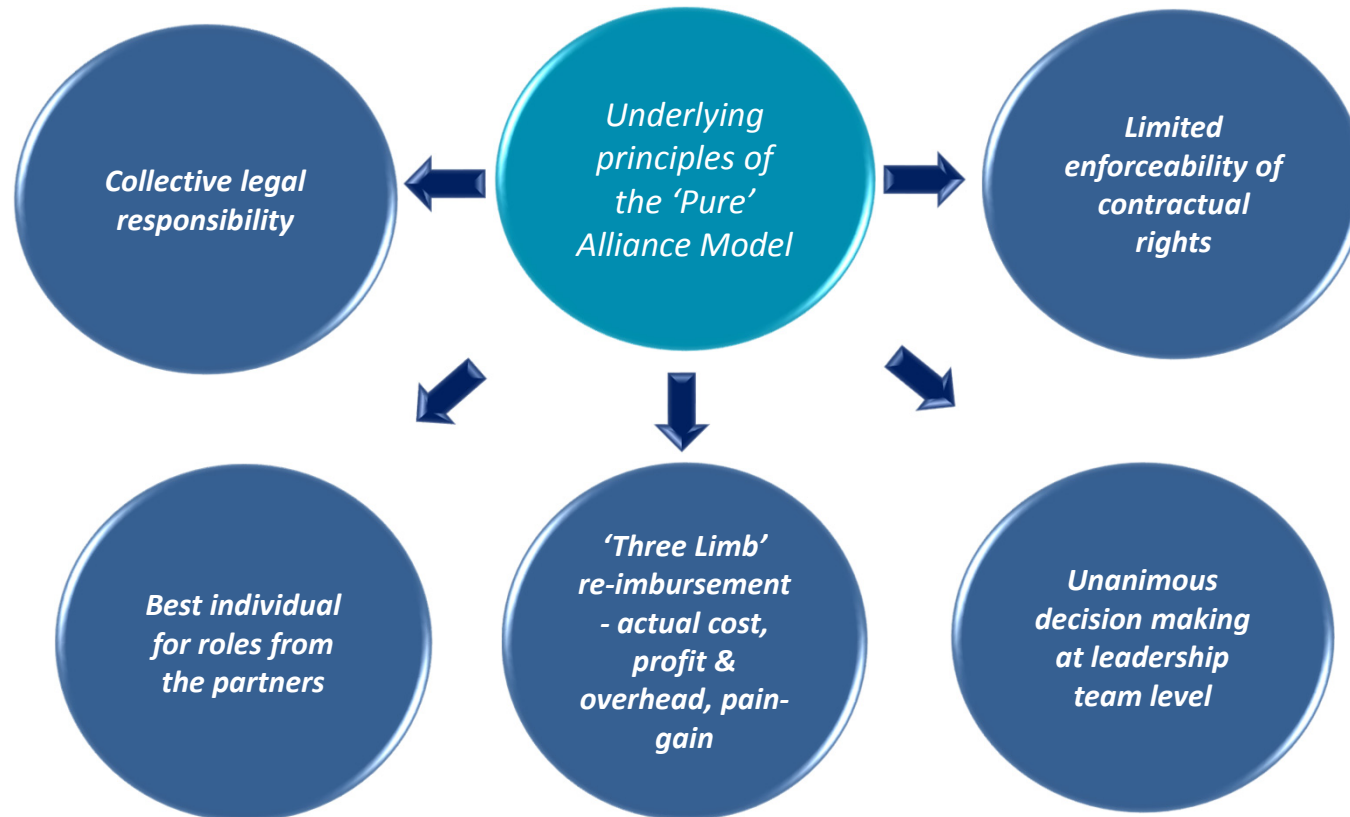
- Two forms of alliance agreement were developed:
 - *Overarching alliance agreement with underlying ‘works’ contracts:* This reflects the basis upon which previous rail industry alliance agreements operated but revised to incorporate some of the recognised issues.
 - *Stand alone project alliance agreement (“PAA”):* This reflected the latest alliance thinking and perceived best practice developed in Australia and became the default approach.



Note: PTP were the adviser on 75% of these alliances



PURE ALLIANCE – CONTRACTING FOR SUCCESS



PURE ALLIANCE – YIN YANG ELEMENTS

HARD YANG ELEMENTS

- Collective accountability for successful delivery of the project
- Remuneration Model – Pain/Gain Share
- All uninsurable risk shared between alliance participants
- Open book and financial audit process
- All disputes and conflict handled internally with no recourse to litigation, except in cases of wilful damage
- Primary emphasis on business outcomes of investment
- Scope variation as per variation guidelines document
- Participant selection criteria and process
- Alliance Auditor
- Early selection of constructors
- Legal Alliance Agreement

SOFT YIN ELEMENTS

- Project governed by project alliance board where decisions have to be unanimous
- Co-located, integrated project organisation
- All decisions ‘best for project’.
- Shared mission and project goals
- Code of conduct – Collaborative behaviour
- ‘Spine of Leadership’ selected for interpersonal and leadership capabilities as well as project capabilities
- Development of robust relationship.
- Development of high level of trust
- Clearly defined roles, responsibilities and accountabilities.
- Alliance education and support programme
- Open Communication
- One Alliance Brand – No company logo’s
- Win-win Philosophy

Stafford Area Improvement Programme

The Project

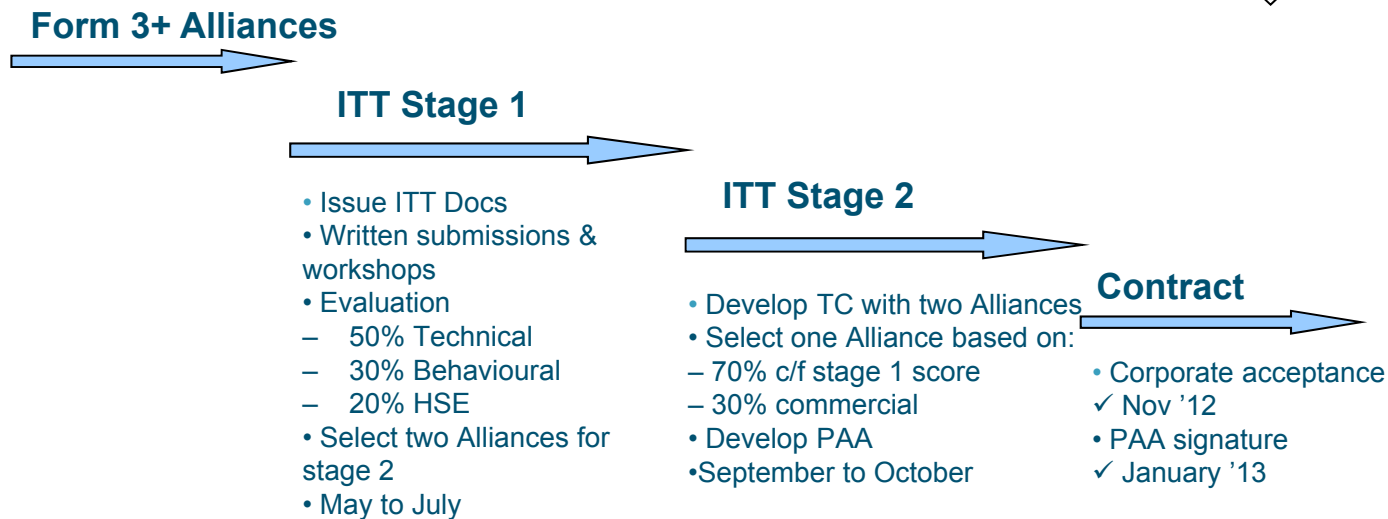
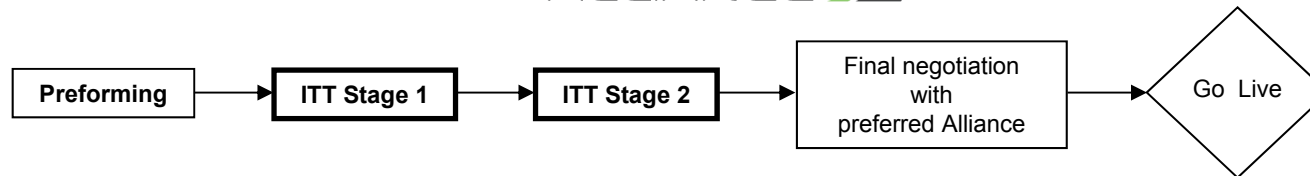
The Strategy



- A multi-disciplinary rail infrastructure enhancement scheme
- Value – approx £200m
- Subject to TWA
- West Coast Main Line – critical rail artery
- Significant risk profile
- High level of interdependency between different suppliers
- Alliance procurement strategy developed to align parties, manage risk and create incentives
- Pre-formed alliances
- New form of bespoke alliance agreement
- Two stage tender process
- Significantly reduced Commercial weighting

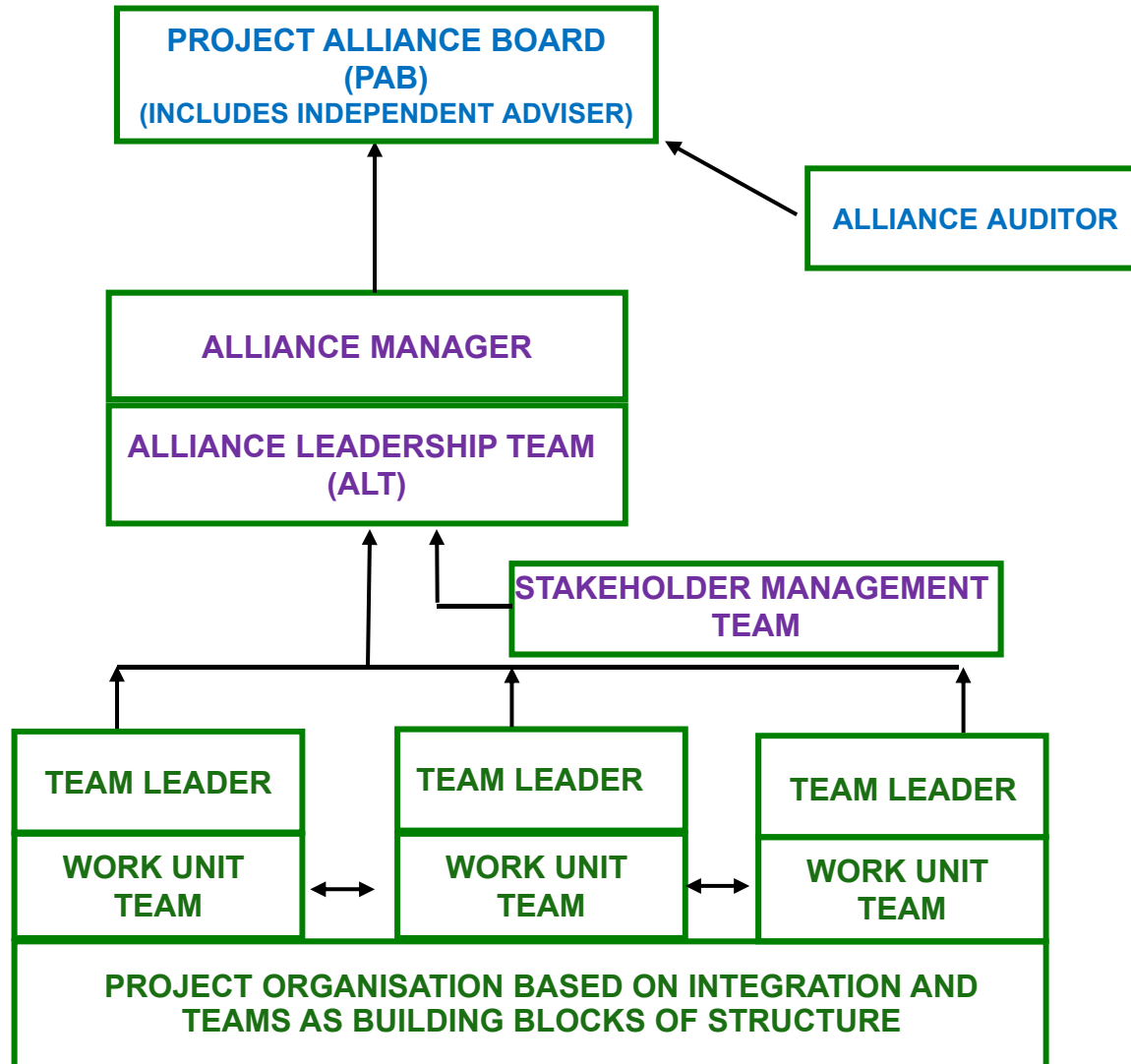
Stafford Area Improvement Programme Two Stage Tendering Process

STAFFORDSHIRE ALLIANCE





ORGANISATION STRUCTURE



WESSEX PROGRAMME ALLIANCE – HOW?



- Obtain client team commitment
- Market engagement – advance, PQQ, ITT and during tender period
- Client team undertook the same assessment process & personality profiling with 1:1 feedback
- Structured evaluation (25% of total weighting)
 - Group assessment (12%)
 - PAB interviews (6%)
 - ALT interviews (4%)
 - Written submission (3%)



The overall aim of the process was for the client's people to observe and experience what it would be like to work with the people they will finally select to alliance with.

Benefits

- Behavioural assessment process prepared teams for working in a very different delivery model
- The selection process enabled people to build relationships prior to award
- Strong emphasis throughout process that those attending assessment centres appeared in the alliance team – this has resulted in 90% retention rate past Year 1 – significant improvement
- Increased client confidence in the team selected to work together and deliver



PURE ALLIANCE – BEHAVIOURS

BEHAVIOURAL TRANSFORMATION

FROM :

Closed

Secretive

Exclusion

Master – Servant

Blame passing

Rule based

Tightly controlled

Best for Company

Directive

Argument



TO :

Open

Accessible (information)

Inclusion

Equals

Self accountability

Value based

Loosely compiled

Best for Project

Empowering

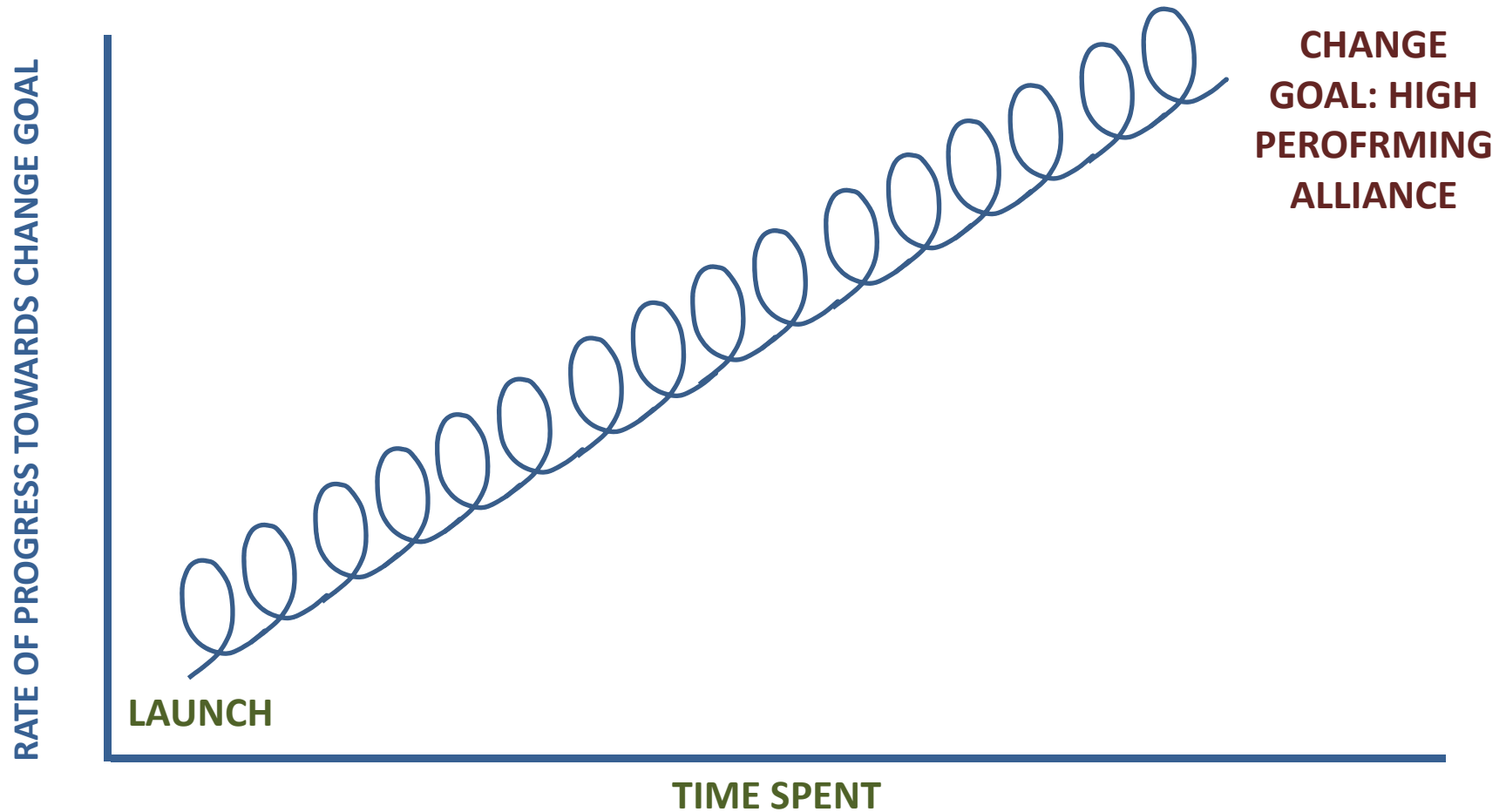
Dialogue

‘PERSONAL RELATIONSHIPS INFLUENCING PROFESSIONAL BEHAVIOUR’



CHANGE PROCESS

DEPICTION OF THE NON LINEAR NATURE OF CULTURAL CHANGE



Benefits Realisation - Schedule



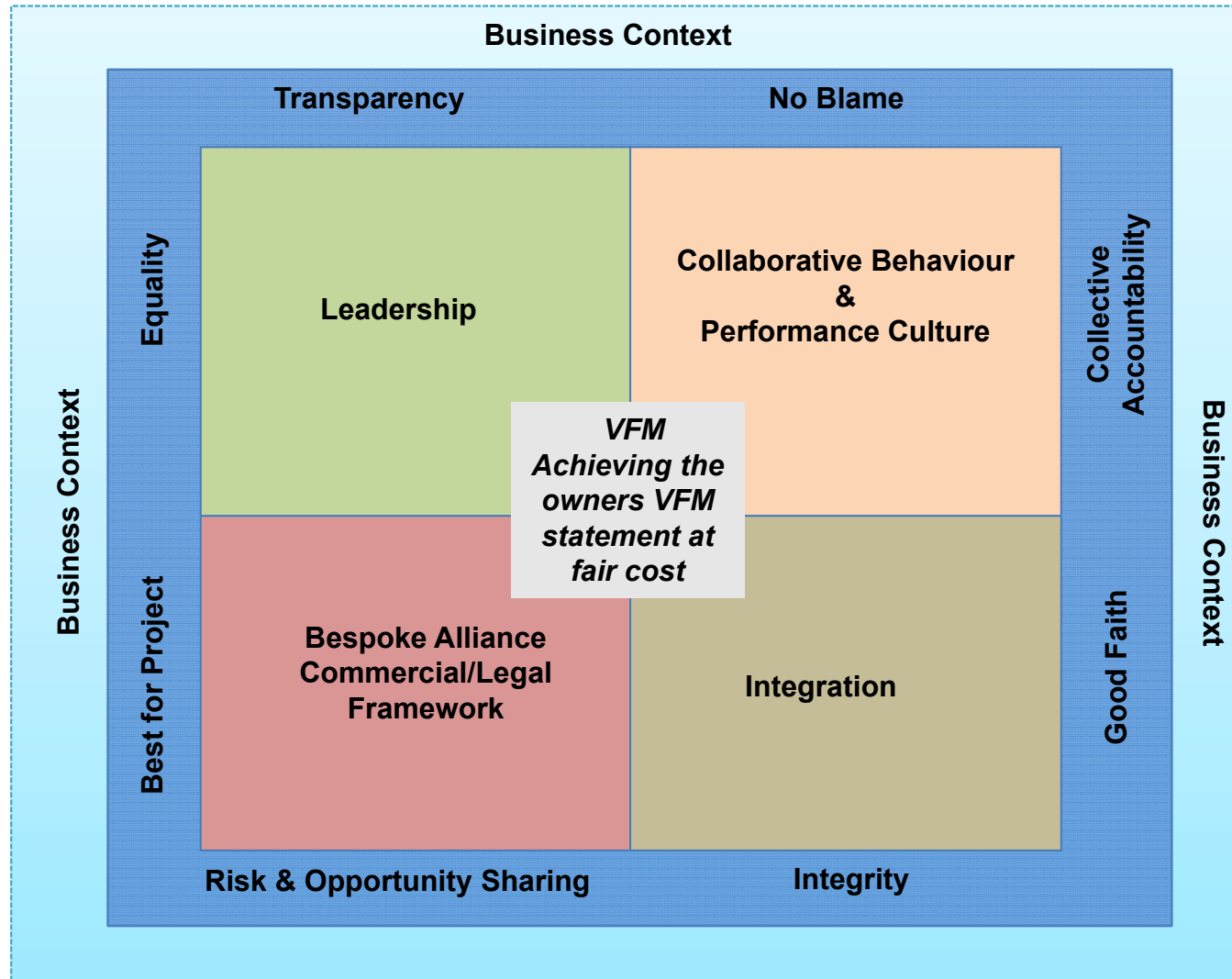
Hitchin Grade Separation Project

- Achieved a six month reduction in the two year construction programme

How?

- Integrated scheduling within the Hitchin Alliance members
- Aligned commercial mechanisms
- Joint leadership commitment
- Investment in behavioural development
- Project Alliance Board structure involving key supply chain partners

Alliance Dynamics: 'Not business as usual'

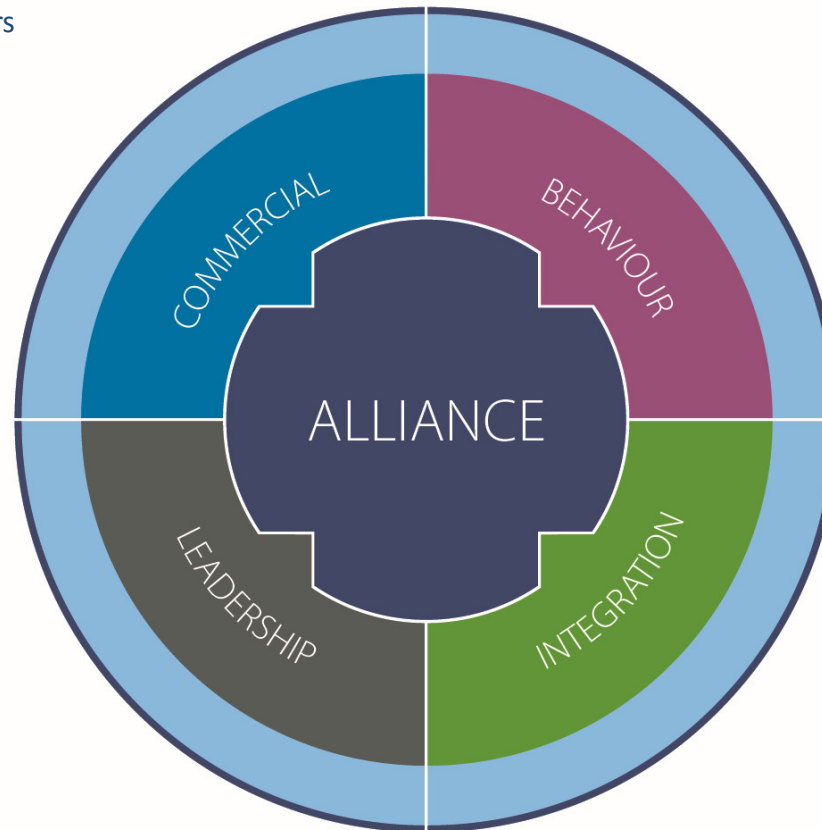


PTP ALLIANCE MODEL (2013)
(a causal model)

GOVERNMENT & INDUSTRY GUIDANCE

A commercial model that aligns all partners and creates the behaviours required

An understanding and a commitment to the behavioural change required



Leadership committed to alliance approach and that will drive required change

The capability to develop and sustain high performing integrated teams

Source: "Alliancing Best Practice in Infrastructure Delivery" – October 2014
Infrastructure UK & the Infrastructure Client Group



QUESTIONS

For further information:
www.ptpassociates.co.uk