

Collaboration

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Introduction

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3. Examples & Pitfalls.

Why collaborate?

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- Development of Hinkley Point C & D is a large scale project
- Large contractors like a seamless, coordinated and properly resourced delivery with a single point of contact who has clear decision making authority .
- Collaborative working creates critical mass, greater access to resources, expertise, skills, knowledge etc

- Also presents the customer with one point of contact, demonstrates commitment, professionalism and financial clout.
- To take advantage of the opportunities that the building of Hinkley Point C & D will provide to the local economy.

How to decide

Type of collaboration model depends upon:-

- Duration of the project;
- Investment required; and
- Risks involved.

Collaboration Vehicles



- Trade Association
- Partnership
- Limited Liability Partnership
- Limited Liability Company;
- Main Contractor with designated sub contractors

Trade Association

- Easy and cheap to establish.
- Can act as a conduit for communication in both directions.
- Suitable for the short term.
- May appear to lack financial & commercial credibility in the long term.

Partnership

- Persons carrying on business together with a view to profit. Persons may include limited companies.
- Can be established orally but wouldn't advise it.
- May have tax and accounting advantages
- Beware of joint and several & potentially unlimited liability.

LLP



- Limited liability version of a partnership
- More common for professional partnerships as avoids joint and several liability.
- Written Agreement essential.
- May have tax and accounting advantages.

Limited Liability Company



- Traditional company model.
- Safest form as long as shareholders do not guarantee company's obligations e.g. ITV Digital.
- Shareholders Agreement essential.
- More costly but looks professional and permanent.

Main Contractor



- In many ways the most logical approach.
- Customer knows with whom he is dealing and sub contractors are in place.
- Main Contractor can establish task force composed of employees from the main contractor and subcontractors to interface with customer.

Examples & Pitfall

- Joint venture Health Care provider
- Oil & Gas Industry
- The importance of the contract and ensuring responsibilities and liability are passed on
- Clear Strategy, agreed approach to investment, profit/cost sharing, decision making and exit routes.

Summary

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- Very much “Horses for courses”.
- Collaborative Main Contractor approach may appeal to the customer.

How Pardoes can Help



- Advice on assistance on models and structures
- Assistance with drafting documentation
- Independent advice for collaborative vehicles – “honest brokers”

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- If you require advice on a specific issue, please contact your solicitor.