

POLICY & RESOURCES CABINET BOARD

13TH FEBRUARY 2014

SOCIAL SERVICES, HEALTH AND HOUSING

**REPORT OF THE HEAD OF COMMUNITY CARE AND
HOUSING – C. MARCHANT**

INDEX OF REPORT ITEMS

PART 1 – Doc. Code.: PRB-130214-REP-SS-CM

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1. **PROPERTY BAY WALES (PBW) REVIEW**

1. **Purpose of report**

The purpose of the report is to inform Members of the recent review of the councils trading company, Property Bay Wales (PBW), and to outline its progress, current issues and to recommend a way forward for the council.

2. **Background**

Property Bay Wales is the trading name of NPT Home Inspection services Ltd, which was incorporated in 2007 as a private company limited by shares, whose capital is wholly owned by Neath Port Talbot CBC.

Powers to trade commercially are provided by the Local Government Act 2003 (Section 95) which enables local authorities “to do for a commercial purpose anything which they are authorised to do for the purpose of carrying on any of their ordinary functions”.

The company’s memorandum of association indicates that it can trade, buy, sell, manufacture goods and products of any description and can carry out all kinds of commercial, industrial, trading and financial operations.

3. **Purpose of the company**

The main purpose of the trading company is to generate new income to support the Council in the discharge of its functions. This is achieved by transferring staff costs as a recharge to the company. In turn this reduces the full-time equivalent costs for the council, while still maintaining the required level of officer time to deliver core local authority services.

At the time of its establishment a systems review of DFG’s was undertaken and it was identified the DFG service could be delivered more efficiently, with a net loss of 5 full time staff. However the staff were not made redundant and despite the budget being reduced by their costs the decision was that staff costs should be covered by a £160,000 recharge to PBW. In addition, from 2012 the decision was taken to introduce an income generation target of £300,000 for PBW to contribute towards the councils FFP.

4. **Governance**

Governance is currently provided via the company Board of Directors, Comprising :-

- Chair / Director - Claire Marchant (Head of Community Care & Housing Services)
- Director - Paul Watkins (Solicitor)
- Managing Director - Stephen Kidwell (until 05th June 2013)
- Director - Susan Gorman (until 08th November 2013)

Additional support functions are carried out by:

- Company Secretary- Sue Gorman (Chief Accountant)
- Operational Manager Robert Davies (PO Housing Renewal & Adaptation Service)

5. **Trading Area's**

The Council employs Building Surveyors as the core of its Housing Renewal Service. PBW makes use of this flexibility, accessing a wide range of technical skills and expertise.

PBW are able to offer the following services:-

<ul style="list-style-type: none">• Project Management• Construction Management• Contract Administration• Procurement• Architectural design• Valuations• Quantity Surveying• Site Supervision• Clerk of Works• Building Surveying	<ul style="list-style-type: none">• Land Surveying• CDM• Party Wall Surveyors• Code for Sustainable Homes• Domestic Energy Assessors• Home Inspectors• Asbestos Surveying• Chartered Building Consultants• Condition reports
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6. **Current Position in the Market**

Due to uncertainty on the trading position of and the view of the Council on PBW, no active advertising or marketing has taken place. Contracts and work have been awarded either through word of mouth or from recommendations

PBW were awarded a large Community Energy Saving Programme (CESP) contract which generated a large volume of work for 2012 & 13, this work is now 99% complete. Whilst the company does continue

to operate, the scale of work and anticipated turn over for 2013/14 is much lower than in the previous year.

7. Financial information

The tables below detail the company profit and loss including the annual net recharge back to the authority since the inception of the company.

Included are projected figures to the end of 2013/14 and 2014/2015.

Year	Income	Recharge
2007/08	£21,601*	£100,785
2008/09	£59,737	£46,479
2009/10	£196,952	£150,454
2010/11	£446,622	£242,967
2011/12	£86,872	£84,499

* The company received grant income of £90,000 in 2007/08 which is not detailed in the turnover figures.

Year	Income	Expenditure	Recharge	Profit
2012/13	£5,810,485	£5,278,322	£383,788	£148,375
2013/14*	£697,650	£508,800	£176,000	£12,850
2014/15*	£708,000	£525,300	£176,000	£6,700
Total (2007-15)	£8,027,919		£1,360,972	

* Predicted figures – excluding £300,000 FFP additional income.

8. Business Objectives

- To utilise skills to support the financial requirements of the Council in delivery of its Housing functions
- To see, at a profit, the services currently offered by the Council, to other public bodies and private organisations.
- To provide a mechanism that will allow the organisation to trade with the private sector.
- To maximise the use of resources and ultimately contribute to the Councils Forward Financial plan.
- To be flexible to take advantage of training opportunities that may arise.
- To strengthen in-house housing services and ensure that the current expertise is maintained and utilised to maximum benefit for the Council.
- To support the innovation and efficiency profile of the council.
- To provide a more balanced workload throughout the year for the housing Renewal Section, particularly having regard to current financial challenges and pressures.

9. **Review of Property Bay Wales**

A report by the Councils internal audit section was produced in June 2013. The scope of the report was to ensure that there were adequate controls in place to safeguard the Authority's interests.

See appendix A – Audit Report.

Below is a summary of the conclusions made: -

- A decision needs to be made as to the future of PBW.
- If PBW is to continue to trade then it must obtain updated, definitive legal advice based on current working practices and on the way it wishes to move forward.
- The Articles of Association to be reviewed.
- A revised business plan to be prepared.
- If PBW is to continue, it must trade in a fashion that befits a totally separate company.
- State aid to be reviewed to ensure there are no breaches happening.
- Clear leadership to be shown by Corporate Directors and Cabinet to ensure that the officers responsible for PBW are properly supported.

Following the audit report, legal advice was commissioned from Miss Jane Oldham, a barrister based in London.

See appendix B – Legal Brief to Miss Jane Oldham

See appendix C – Legal advice from Miss Jane Oldham.

10. **Legal Advice**

The interpretation by NPTCBC Legal Department of the legal advice provided by Miss Jane Oldham is open ended, It is clear from this advice that Local authority's Trading Companies in Wales are not legally able to trade with private companies and individuals outside of the County Borough boundary unless "well being" powers are met. .

11. **Moving Forward & Future of PBW**

Following the legal and audit reviews of PBW, fundamental decisions need to be made for the future trading of the company, either:-

- Stop trading
- Review business plan and continue trading.

The implications of both options are summarised below.

Stop trading

If the council opted to cease trading through PBW, the following implications would need to be considered:

- 5 Full time positions put at risk
- Loss of recharge to the authority for the 5 posts (circa £174,000 p.a.)
- Currently 2 vacant posts in the DFG service, leaving 3 potential compulsory redundancies.
- Inability to generate additional income towards the FFP (£300,000)
- Potential claims of breach from existing contractual agreements
 - Code for sustainable Homes
 - Tenders / Frame works
 - Current private construction works.

Continue trading

If the Council opted to continue trading through NPT Home Inspection Services the following main areas need to be considered:

- To seek formal approval from the Council on allowable trading activities in line with the Councils 'ordinary functions'
- To enable marketing of the company to occur in order to generate new business opportunities
- To review the commitment to the Councils FFP on an annual basis to a realistic level in view of the restriction on trading areas.
- To consider the future resourcing of the company and allow the direct employment of staff on the following basis:
 - Self employed contracted staff
 - Directly employed contracted staff (on terms and conditions set out by the company)

12. **Draft Business plan**

A draft business plan has been developed based on the option of continuing to trade.

When the above decisions have been made, this can be developed further to support the re-structuring and growth of the business.

- See Appendix D – Draft Business Plan

13. **Governance**

Following advice contained in the audit report it was recommended that the structure for board of directors is reviewed. The Council are required to consider if the following options are to be included in the governance arrangements of the trading company:

- To appoint new members to the board of directors
- Whether to elect a cabinet member to the board of directors (as an independent / non executive board member)
- To establish a suitable training programme on the roles and responsibilities of the board of directors / senior operational staff
- To nominate and periodically update the details of the representatives of the shareholder and for them to be notified to the company secretary in writing

A proposed new structure for the board of directors is set out below:

Chair / Director	-	Director of Social Services
Director	-	Head of Community Care & Housing Services
Director	-	Additional Director or Head of Service
Independent / non-executive		TBC
Company Secretary		TBC
Council Cabinet member	-	John Rogers

Additional support functions to be carried out by:

- Company Secretary - Sue Gorman (Chief Accountant)
- Operational Manager - Robert Davies (PO Housing Renewal & Adaptation Service)

The shareholders representative will be notified to the company secretary in writing from time to time.

14. **Financial position**

The Councils' Forward Financial plan details an annual income generation target for the Housing Renewal & Adaptation Service of £554,000 a breakdown is as follows:

- Asbestos SLA with NPT Homes - £94,000
- Recharge for 5 staff - £160,000
(Through the private trading company)
- Additional Income - £300,000
(Through the private trading company)

The additional income figure was introduced in early 2012 when NPT Home Inspection Service Ltd were in advanced talks with NPT Homes regarding the management of their WHQS major works programme, The trading company was not awarded this contract.

The additional income figure has not been revised since its introduction, and the Council need to consider that this commitment is

revised on an annual basis in line with its current and potential trading activities.

Fortunately the company secured a large housing energy upgrade project which has generated additional income for 2012/13. Based on current and potential activity the company will deliver the staff recharge in 2013/14 & 2014/15; however it will not be able to fulfil the additional income generation.

15. **Asbestos Surveys SLA**

An SLA is in place between NPTCBC and NPT Homes for asbestos surveying. This SLA is currently worth £225,000 per annum.

The contract was secured through PBW but due to procurement issues at NPT Homes, it was agreed to set it up as an SLA through NPTCBC.

- This is due to complete in March 2015.
- 3 Full time positions may then be put at risk
- Service has potential to be expanded into commercial market.
- UKAS accreditation required.

16. **Marketing plan**

A robust marketing plan is to be fully developed when final decisions and advice have been provided by the council. Some points to note:

- Due to the likely restrictions (cannot trade with private individuals out of the borough unless well being powers are met) a different strategy is required.
- Target clients – RSL's, other councils, developers, house builders, frameworks, NHS, public bodies, charities,
- PBW are skilled in many areas of work, however, the past couple of years of trading have highlighted which areas are more profitable and which areas' PBW should target.

17. **Potential Income**

As the housing market is recovering from the dip and recession, PBW are well placed and experienced to capitalise on this growing area, below are some area's that are on the increase and in demand, all of which PBW are experienced in.

- Asbestos Surveying
 - Opportunities exist to offer service to other councils, RSL's
- Energy assessments
 - Established in domestic market, commercial market is a growing area of demand – Display Energy Certificates.

- Growing demand through Green Deal and ECO schemes
- Building Development Support
 - Building work is on the increase, well placed to offer Code and SAP assessments.
 - Commercial assessments including BREEAM and SBEM.
- Construction
 - Economy is recovering more and more people now building, extending and renovating properties.
 - Business is well placed and experienced to break into this market.
- Professional Services.
 - Other professional services that are in demand associated with housing projects –
 - Architectural design
 - Party Wall surveys
 - Contract Administration
 - Quantity Surveying
 - House condition reports.

18. **Lettings agency**

The lettings agency is in the process of being transferred wholly to NPTCBC. The contracts and finance are being amended to suit.

19. **Conclusions and Recommendations.**

Decision to be made on the following:-

- Stop trading or continue trading

Recommendations: -

- To continue trading and to : -
 - Appoint new board of directors and confirmation of shareholders representative.
 - Be guided by the Council on what activities and area's PBW can trade in.
 - Develop Business and Marketing Plan.
 - Actively advertise.
 - Review and agree financial commitments.

Appendix A – Audit Report

Appendix B – Legal Brief to Miss Jane Oldham

Appendix C – Legal advice received from Miss Jane Oldham

Appendix D – Draft Business Plan

20. **List of Background Papers**

None

21. **Wards Affected**

All

22. **Officer Contact**

Claire Marchant, Head of Community Care Services
Tel. No.: 01639 763287
E-mail: c.marchant@npt.gov.uk

NPT Home Inspection Services Ltd
t/a Property Bay Wales



Business Plan 2013/14

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II. Company Description

Mission statement:

To establish a financially profitable and well-managed company while at the same time creating a market leading service organisation based on professionalism, integrity and personalised customer service.

Company history:

Property Bay Wales is the trading name of NPT Home Inspection services Ltd, which was incorporated in 2007 as a private company limited by shares, whose capital is wholly owned by Neath Port Talbot CBC.

The company was set up to offer surveying services associated with home information pack legislation, during the first year of trading the emphasis changed to Energy Performance Certificates, which were, and still are required on the sale or letting of most properties. The range of services expanded in response to demand and market trends, all services being broadly linked to the councils "ordinary functions".

Powers to trade commercially are provided by the Local Government Act 2003 (Section 95) which enables local authorities "to do for a commercial purpose anything which they are authorised to do for the purpose of carrying on any of their ordinary functions".

The company's memorandum of association indicates that it can trade, buy, sell, manufacture, etc goods and produce of any description and can carry out all kinds of commercial, industrial, trading and financial operations. The company will not be actively trading in the majority of these functions as they do not fall within the remit of the 'ordinary functions' of the Council.

The trading model adopted by the company is unique within local government and its success is dependent on achieving a balance between maximising commercial income, and minimising the Council's costs, while ensuring a seamless delivery of the Authority's core commitments. The model is built around the Housing Renewals Service, which has a history of income generation going back to 1996. Income was initially achieved by attaching professional fees to each grant project.

Purpose of the company

The main purpose of the trading company is to generate new income to support the Council Housing functions. This is achieved by transferring staff costs as a recharge to the company. In turn this reduces the full-time equivalent costs for the council, while still maintaining the required level of officer time to deliver core local authority services.

There is a £300,000 recurring income requirement to be paid to the Council as a shareholder in the Forward Financial plan from 2012/13 onwards.

Management and Organisation

The day to day management of the business is carried out by a senior housing surveyor and the principal offer for the housing renewal & adaptation service.

The management team of the company offers vast experience within the construction and energy efficiency sectors, whilst also bringing in experience in cost and data analysis skills and 'lean / systems thinking' methodology to ensure that we remain competitive whilst also ensuring the company is being run cost effectively and efficiently.

Governance is provided by the company's board of directors and is currently provided by:

- Chair / Director Mrs C Marchant (Head of Community Care & Housing Services)
- Director Mr Paul Watkins (Solicitor)
- Managing Director Mr Stephen Kidwell (until 05th June 2013)
- Director Mrs Susan Gorman (until 08th November 2013)

Additional support functions are carried out by:

- Company Secretary Mrs Sue Gorman (Chief Accountant)
- Operational Manager Mr Robert Davies (PO Housing Renewal & Adaptation Service)

An organisational chart of the proposed set up of the board and trading company are detailed below.

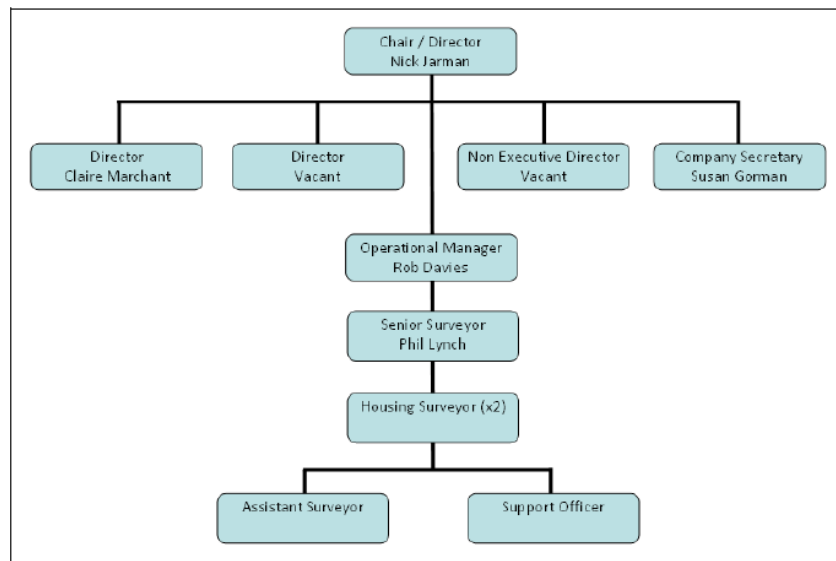


Fig 1 – Proposed organisational structure

III. Products and Services

Since the company's inception, the range of services it provides has expanded in line with the movement within the industry and funding opportunities available via Community Energy Saving Programme (CESP) & Energy Company obligation (ECO) funding schemes. The company is now regarded as a leading provider in South Wales for the production of Energy Performance Certificates (EPC).

The company currently offers a wide range of services primarily focused around the construction and energy efficiency industries. The main areas of operation are:

- **Project / Construction Management** – The overall planning, coordination, and control of a project from beginning to completion.
- **Contract Administration** – Management of contracts made with customers, vendors, partners, or employees.
- **Site Supervision / Clerk of Works** – Representing the interests of the client on a construction project in regard to:
- **Domestic Energy Assessments (EPC / Green deal)** – Energy performance surveys of residential, commercial and new build properties to identify their energy efficiency and to raise recommendations to improve its overall performance.
- **New Build Domestic Energy Assessments (SAP calculations and Code for sustainable homes)** – Energy efficiency calculations of proposed developments.
- **Asbestos Surveying** – The completion of management and / or refurbishment and demolition surveys to identify any asbestos containing materials and provide recommendations on how to work with or remove the hazardous material.
- **CDM (Construction Design and Management)** – To act as a key client advisor on health and safety matters on construction projects.
- **Party Wall Surveyors** – Party wall surveyors work under the jurisdiction of The Party Wall etc Act 1996 which sets out property owner's rights and duties in relation to their neighbours when carrying out work to a party wall (shared wall), boundary wall or digging an excavation near neighbouring buildings.
- **Architectural Design** - A design and drawing plan service to transform building ideas into reality, seeing the project through from inception to full planning & building regulation approval.
- **Quantity Surveying** – This role is mainly concerned with the management and estimation of costs of a construction project.

The chart below details the work activities as a percentage of overall work excluding contracted framework EPC's.

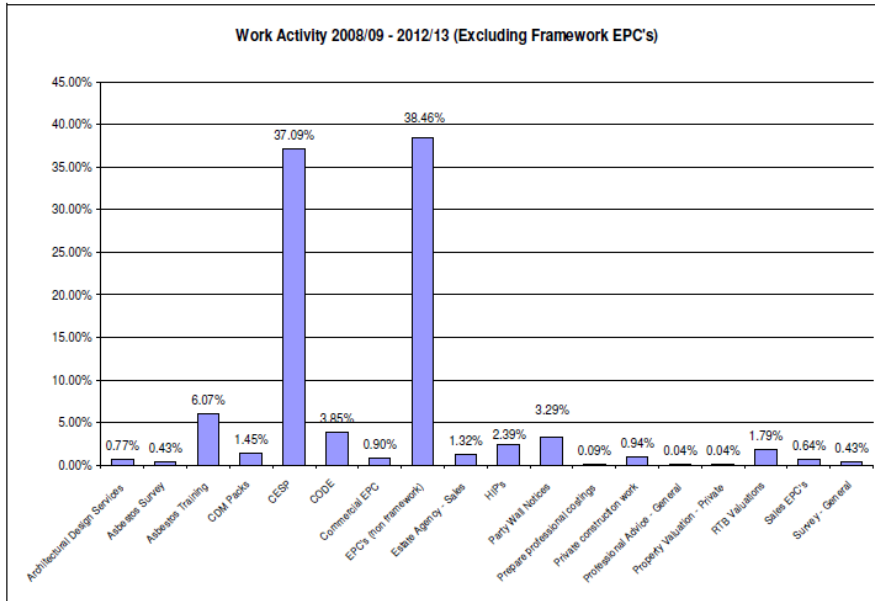


Chart 1 – Work Activity 2008/09 to 2012/13

IV. Financial History

Turnover by trading activity

The following charts detail the turnover by trading activity for financial years 2011/12 and 2012/13, chart 4 exclude the Community Energy Savings Programme (CESP) project to reflect comparable trading activities for the respective years.

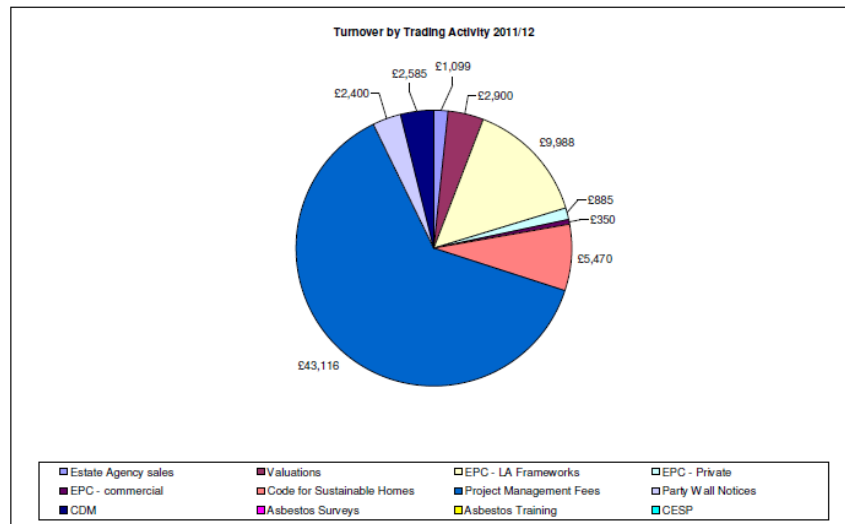


Chart 2 – Turnover 2011/12

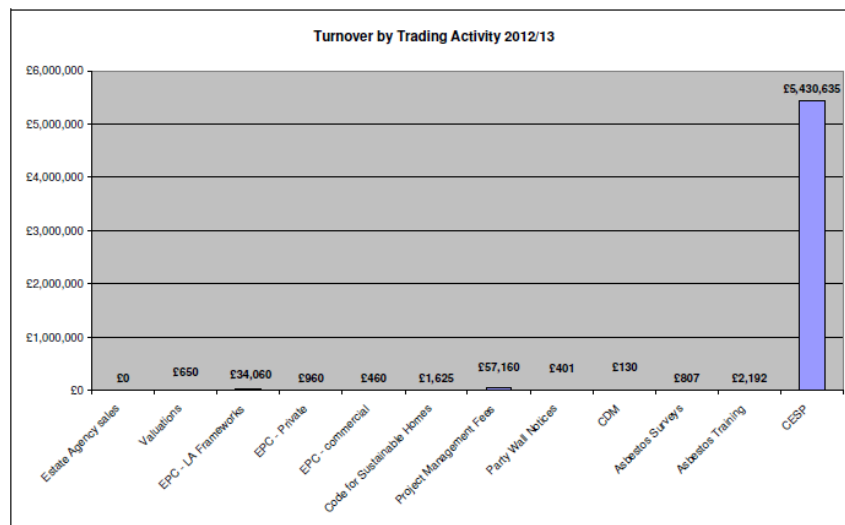


Chart 3 – Turnover 2012/13

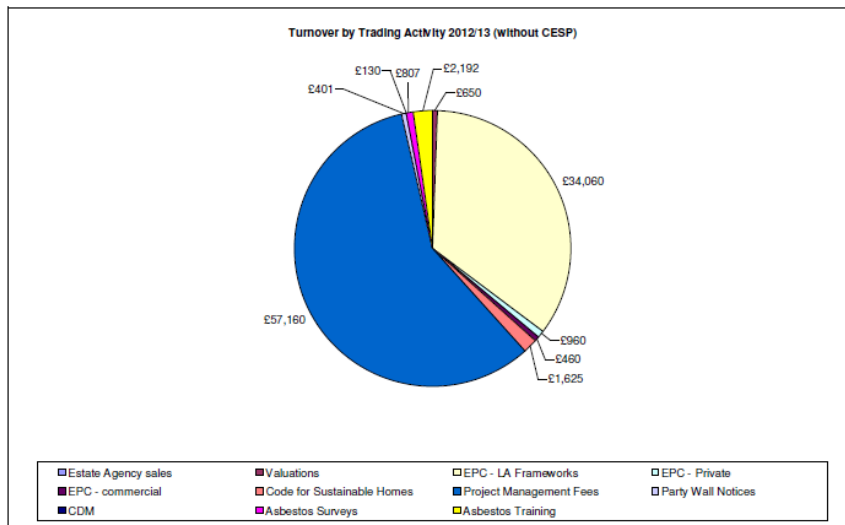


Chart 4 – Turnover 2012/13 excluding CESP

Chart 3 clearly visualises the impact on the company turnover whilst completing the CESP project during 2012/13. Projects of this nature are no longer available as the scheme has come to an end. The Energy Company Obligation (ECO) replaced CESP; however the funding levels for ECO are considerably lower with more stringent eligibility criteria resulting in fewer opportunities to complete larger scale schemes.

The charts have identified that the two main areas for turnover (excluding CESP) are represented by framework EPC contracts and project management services. It must be noted that the turnover in the project management category also includes the cost of the construction works where the company has been employed as main contractor. In these instances the individual project costs are considerably higher than the costs of the general service type activities the company generally undertakes.

Profit and Loss Accounts

The table below details the profit and loss accounts for the company since its incorporation.

profit & loss	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
salaries	£88,591	£44,456	£132,149	£223,381	£68,345	£351,007
mileage	£1,773	£3,561	£18,689	£7,360	£5,531	£11,452
training						£2,408
certificate	£829	£7,129	£34,697	£33,103	£16,672	
tel	£553	£993	£932	£677	£251	£766
it	£1,088	£462	£33	£1,294	£4,123	£349
set up	£801		£0	£0		
postage			£51	£0		
insurance	£744	£880	£1,770	£981	£3,973	£3,213
partnership	£15,518	£2,754	£2,597	£0		
sub contractors	£320	£1,603	£1,539	£2,503	£36,874	£321,192
CESP - contractors						£4,918,216
bank charges			£83	£122	£371	£347
interest					£3	£108
misc	£30	£22	£1,292	£2,510	£6,381	£10,002
advertising				£6,105	£10,276	£3,265
professional fees					£2,786	£17,054
accommodation				£10,769	£3,913	£21,329
depreciation			£1,613	£1,400	£2,900	£1,402
	£110,247	£61,860	£195,445	£290,207	£162,399	£5,662,110
income grant	£90,093					
income fees	£21,601	£59,737	£196,952	£446,622	£86,872	£5,809,846
income social lettings				£677		
interest	£2		£2	£58	£195	£639
	£111,696	£59,737	£196,954	£447,356	£87,067	£5,810,485
profit/loss	£1,449	-£2,123	£1,509	£157,149	-£75,332	£148,375
corp tax	£0	£0	£0	£38,248	-£20,675	£32,935
profit after tax	£1,449	-£2,123	£1,509	£118,901	-£54,657	£115,440
retained profit c/f	£1,449	-£674	£835	£119,736	£65,079	£180,519

Table 1 – Profit and loss accounts

V. Moving Forward

SWOT Analysis

A SWOT analysis of the company and its activities has been carried to identify the strengths, weaknesses, opportunities and threats that are prevalent across its trading activities.

Strengths

- Experienced and multi-skilled staff
- Competitive pricing structure
- Quick turnaround of work
- Customer contacts established
- Direct delivery capability
- All new income reduces general fund cost (core services still provided)
- Skills are linked to developing markets (Domestic asbestos; energy preservation)
- Can be provided from existing sites with a peripatetic service
- Officers have the required accreditation and qualifications
- Many current processes are transferable
- Associated skills such as 'systems thinking' are commercially highly valued
- Management is experienced in achieving time limited and financial targets
- Participating officers are committed and confident of success
- NPTCBC services are trusted by service users
- Understanding of the requirements of the client base
- Ability to manage large outputs
- Experience of change, and the ability to adjust service delivery to meet needs and fluctuations
- Familiar with flexible and remote working processes

Weaknesses

- Flat lined housing market
- Slowdown in business generally linked to financial climate
- Speed of acquiring the business is dependent on the speed of the decision process
- Limited marketing experience may adversely affect our ability to compete
- Unlikely to obtain "exclusive" contracts for business
- Competitive services are not a front line LA function
- Work based on current capacity is reaching its limits
- Development, responsibility and organisational support for new business will be affected by other mainstream workload requirements
- Lack of knowledge on the nature of the business from support services

Opportunities

- Could lead to the development of new products and innovations
- A local gap in the market exists for a number of services e.g. code; asbestos; display energy assessments, site waste management plans
- New income will support core business, allow for further development and increases income potential
- Likelihood to raise LA profile with innovate approach to funding
- Practical opportunity to expand flexible working arrangements
- Expansion of service skills brings public recognition of the council services

Threats

- Capacity of technical and support staff reaches saturation point due to SLA work
- Restrictions due to staff capacity limit reducing ability to respond to business demand, this may damage business reputation
- Delay in housing market upturn reducing business opportunities
- Retention of skills may be threatened by Council costs cutting and EV/VR schemes
- Inability to market business services will reduce the visibility of the company
- Loss of business due to poor performance linked to lack of capacity
- Lack of knowledge of the business leading to Council setting unachievable financial expectations for the service linked to the FFP

Risk Analysis

Risks	Action
1. Having insufficient officer capacity to support new business activities (high)	<ul style="list-style-type: none"> • Review trading activities to concentrate on the maximising the most profitable markets. • Invest in ICT solutions to reduce capacity needs for Asbestos surveys and EPC's • Review sustainability of the business and implications for other fee generating activities.
2. Increased demands on current staff due to core service pressures (medium)	<ul style="list-style-type: none"> • Utilise capacity from asbestos to deliver increased DFG demand
3. Cost cutting requirements leading to loss of skills e.g. ER/VR (high)	<ul style="list-style-type: none"> • Seek new income to reduce likelihood of the loss of skilled staff • Consider options to employ and train new entrants (lower cost) directly through the company
4. Income generating projects not achieving Council's year on year expectations in line with FFP (high)	<ul style="list-style-type: none"> • There should be recognition that income generated from construction activity is normally project based. A sustainable property business is dependent on price, reputation for delivery, willingness to speculate (tendering) investment (marketing)
5. Loss of goodwill from staff and unwillingness to carry out trading/out of hours activities. (medium)	<ul style="list-style-type: none"> • Ensure early decision on continued viability of fee generating services.

Table 2 – Risk analysis

Trading Opportunities

At present new business opportunities are sourced via direct searching for trading opportunities for instance of published tenders on the internet such as Sell 2 Wales and by securing additional works through existing contracts and links with organisations to whom we complete works for under service level agreements with the Council.

The table below highlights the potential for expanding our existing trading opportunities:

Type of Service	Comments	Potential
Asbestos Surveying	A number of established firms exist in this market. But survey costs are high and the capacity of the competition is limited.	Significant opportunity exists to expand the company share of housing survey work, particularly around RSL requirements, domestic works and local authorities. UKAS certification is an essential investment (High)
Energy Assessment	Established market leader in energy performance market. Individual EPCs are low profit. Bulk assessment can deliver good profit margins. Also potential for expansion into Display Energy Certificates and Commercial EPC's	New markets opening around private rented properties. Well placed due to local student lettings market and links to lettings/estate agency. Support services to ECO/ARBED schemes, including Green Deal Assessments, and EPC's(High)
Building Development Support	Well placed to support increasing demand for Code for Sustainable Homes Assessments, SAP & SBEM and Waste management Plans.	Workload is increasing without a specific marketing plan. The New building regulations will require Waste management Plans, Active marketing strategy needed to maximise potential income. (High)
Construction	Currently the business is developing a positive reputation delivering small projects. Much of this is dependent on 'word of mouth' references. This has led to larger opportunities and the company's reputation is growing.	The business is well placed to break into the tendering market for building refurbishment given the professional knowledge, experience and now reputation that has been developed. Economy and construction is improving, Sell To Wales will provide tendering opportunities. (High)
Professional Surveying Services	CDM, Party Wall Awards, Architectural Design, Contract Administration, Quantity surveying; Condition reports	As the housing and construction market are recovering and growing, PBW are well placed to offer these services as part of the "whole package" that PBW can provide.

Table 3 – Existing trading opportunities

VI. Financial Outlook

Economics

Total construction output in Wales is expected to grow at an annual average rate of 2.7% between now and 2017 - substantially above the 0.8% UK average, with the private sector housing market expected to achieve growth of between 3.5 & 4% (source: Construction Skills Network - Blueprint for Construction 2013-2017).

This increased level of output is expected due to a combination of underlying demand for housing, an easing in credit lending conditions and a stabilised house market which is driving developers to increase their construction activity.

Projected Turnover 2013/14 & 2014/15

The table below highlights the projected turnover of the company until 2015.

Trading Activity	2013-2014	2014-2015
EPC - LA Frameworks	£28,500	£40,000
EPC - Private	£8,500	£3,000
EPC - commercial	£650	£1,500
Code for Sustainable Homes	£4,000	£4,000
Project Management	£50,000	£75,000
Party Wall Notices	£500	£1,000
CDM	£0	£1,000
Asbestos Surveys	£8,500	£12,500
Asbestos Training	£0	£0
Torfaen	£45,000	£50,000
CESP / ECO	£550,000	£500,000
Green Deal	£2,000	£20,000
Total	£697,650	£708,000

Table 4 – Turnover projections 2013/14 & 2014/15

Projected Profit & Loss 2013/14 & 2014/15

The table below highlights the projected profit and loss accounts of the company until 2015.

profit & loss	2013/14	2014/15
salaries	£160,000	£160,000
mileage	£6,000	£6,000
training	£2,000	£2,000
tel	£400	£400
insurance	£3,500	£3,500
sub contractors	£75,000	£90,000
CESP/ECO* - contractors	£425,000	£425,000
bank charges	£350	£350
interest	£50	£50
misc	£0	£0
advertising	£0	£1,500
professional fees	£2,500	£2,500
accommodation	£10,000	£10,000
depreciation	£0	£0
payments to landlords		
	£684,800	£701,300
income fees	£697,650	£708,000
interest		
	£697,650	£708,000
profit/loss	£12,850	£6,700
corp tax	£2,570	£1,340
profit after tax	£13,050	£5,360
retained profit c/f	£193,569	£198,929

Table 5 – Profit & loss projections 2013/14 & 2014/15

* The addition of income and expenditure in relation to the ECO scheme for 2014/15 is currently being developed with ongoing talks with organisations such as Care & Repair and Warm Wales along with representatives from the large energy companies.

The turnover and profit and loss figures indicated are reliant on the company securing contracts that are currently being discussed with suppliers and the continued growth in both the construction and housing markets.