



# WNDC Board Report

## Report by Director of Implementation & Delivery

Paper Reference: 2010-08-07-02

Agenda Item: 7

7 December 2010

**Subject:** Construction Futures

**Advice:** That the Board:

1. **Note** the report.

### Summary

- The report recommends that Construction Futures targets and actively markets the private market sector to allow future financial resourcing post ERDF funding (end 2013).

## **1. Introduction**

- 1.1 WNDP and its partners have developed Construction Futures as a delivery service to target construction recruitment and training specific to consented planning developments within WNDP's geographic area of operation. Construction Futures consists of a small delivery team, Project Manager and Project Co-ordinator.
- 1.2 Construction Futures is currently funded by the ERDF (via the University of Northampton). The ERDF funding stream continues until the end of 2013. The intention is for Construction Futures to continue providing the service it offers to the Public Sector markets and to penetrate the Private Sector markets to generate fee income beyond the end of 2013.

## **2. Intellectual Property**

- 2.1 Construction Futures have developed both the predictive training need model in conjunction with Davis Langdon (now part of the Aecom group) The procurement processes initially relied on the advice of Richard Macfarlane and Anthony Collins solicitors, these have since been developed extensively by officers of the corporation in taking forward section 106 matters to the extent that intellectual rights associated with these matters could be argued to lie with the Corporation. Both the predictive model and the procurement processes are capable of both adaption and expansion.

## **3. Primary Red Risk**

- 3.1 The primary red risk is that ERDF funding ceases at the end of 2013 and Construction Futures is no longer able to deliver the existing services it offers without financial support from WNDP or its local authority partners.
- 3.2 In order to mitigate this risk it is proposed that Construction Futures starts to provide professional services to the Private Sector market in order to generate fee income and become financially independent.

- 3.3 An additional risk associated with the penetration of the Private Sector market is that the existing human resources will be insufficient to meet the additional workload and subsequent fee turnover. Given the moratorium on staff recruitment within WNDC this risk is also classified as 'red'.

#### **4. Corporate Governance**

- 4.1 Given the geographic boundaries of WNDC the recommendation is to establish a separate legal trading company to market and sell Construction Futures services to the programme identified in section 5. WNDC will continue to take responsibility for the management, financial control, employment of staff of Construction Futures on behalf of its partners. Construction Futures will continue to operate as a business unit within WNDC line managed and supported by WNDC staff and teams.

#### **5. Programme**

- 5.1 The decision to move into the Private Market sector needs to be endorsed by the WNDC Board to allow Construction Futures to generate fee income to promote financial independence.
- 5.2 Highlighted below is a timeline of key activities to allow the above to occur:
- a) Conclude marketing literature – December 2010
  - b) Confirm and agree WNDC contracts of employment – December 2010
  - c) Continue soft marketing activities – December 2010 – March 2011
  - d) Conclude a formal marketing plan – end of February 2011
  - e) Commence hard marketing activities – end of February 2011 to the end of July 2011
  - f) Commencing April 2011 - Deliver Construction Futures services to the private market sector

#### **6. Market Sectors**

- 6.1 Currently Construction Futures is operating predominately in the Public Sector market via S106 planning legislation. There are distinctive Private Sector markets to approach which include:

- a) Private Limited Developers , Retailers and Property End Users
- b) Private Limited Contractors and their specialist supply chain Sub Contractors
- c) Private Limited Property Consultants
- d) Plc Developers, Contractors, Retailers and Property End Users

6.2 Additional Public Sector bodies and Professional Institutions should be approached which include (but not limited to):

- a) University Estates Departments
- b) The NHS
- c) MOD Estates/ Facilities Management Departments
- d) Professional Bodies which include (but not limited to): RIBA, RICS, TPI, CIBSE, ICE, BRE, APM
- e) Utility companies

6.3 Construction Futures are currently providing professional services to the following Public Sector markets:

- a) Northampton BC
- b) Northamptonshire CC
- c) NNDC
- d) Bedford BC
- e) Cherwell Valley
- f) Kettering BC
- g) Milton Keynes CC
- h) Leicester CC
- i) Daventry DC
- j) Liverpool/ Merseyside CC
- k) Birmingham CC

6.4 There are currently no fee recovery mechanisms or formal instructions in place.

## 7. Funding

7.1 The existing funding stream of £130,000 per annum payable by the ERDF continues to the end of 2013 (via the University of Northampton).

7.2 There is currently a bid being put forward by Construction Futures (channelled through Leicester CC) to secure up to £200,000 of European Social Funding.

The S106 money raised to date is £113,000 which is ring fenced to Construction Futures.