



EAST CAMBRIDGESHIRE
DISTRICT COUNCIL

**East Cambs
Trading CO. Ltd**

ECTC BUSINESS PLAN 2024/25

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East Cambs
Trading CO. Ltd



EAST CAMBRIDGESHIRE
DISTRICT COUNCIL

INTRODUCTION

East Cambs Trading Company (ECTC) is a private company limited by shares that is wholly owned by East Cambridgeshire District Council (ECDC). ECTC operates at ‘arm’s length’ from ECDC with an independent board for operational decision making.

Working with ECDC the following drivers were established:

- ❖ Balance the Budget
- ❖ Improve Services
- ❖ Build New Homes
- ❖ Maximise Devolution Opportunities
- ❖ Promote Open for Business and ‘Can Do’ Attitude

This Business Plan is designed to provide an overview and detail of:

Governance Structure

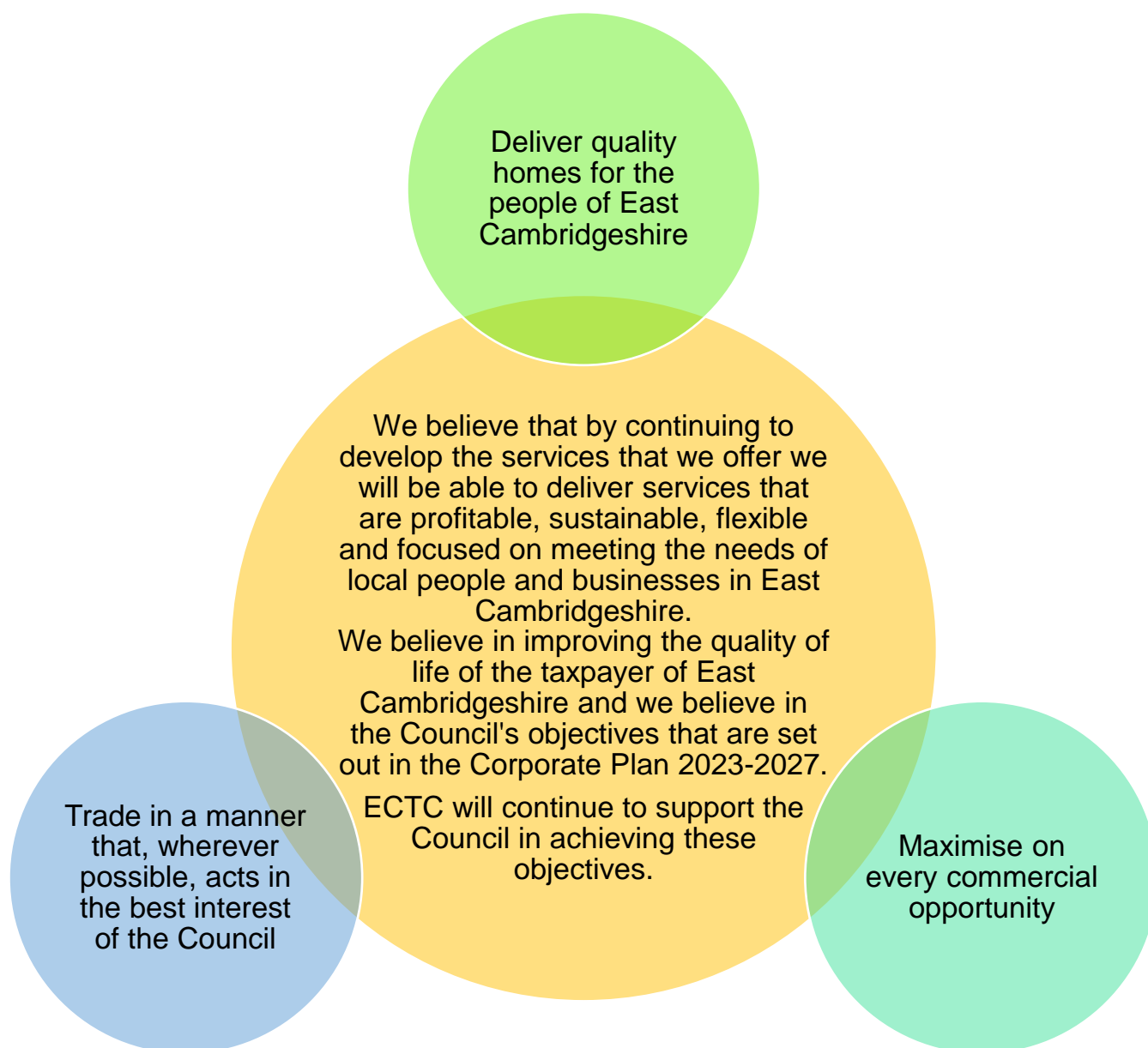
Financial Overview

Risk Management

Board and Management Structure

Commercial Services

Property Development



1. BACKGROUND

ECTC was established in 2016 as a 'tool' to enable ECDC to do more than it already does.

Whilst ECTC is a legal entity in its own right, and should be free to operate commercially to generate the maximum returns, both financial and social value, it is important to remember that it is a company that is wholly owned by ECDC.

As the sole shareholder ECDC has an interest to ensure, wherever practicably possible, that ECTC is profitable. Profit for ECTC will ultimately benefit ECDC as sole shareholder as the only body capable of receiving a dividend.

Profit will either be reinvested in ECTC to achieve service improvements and greater profits or will be paid to ECDC, as a dividend, to enable it to achieve the aims of the MTFs and the Corporate Priorities.

Key Business

ECTC has two key business areas; the first is Commercial Services, which currently delivers Ely Markets and Grounds Maintenance and, the second is Property Development.

Both areas of the business carry out business on behalf of ECDC as well as other customers. ECTC will continually look for new opportunities to enter new markets or expand in existing markets.

Where necessary individual business plans will be developed for approval by the Board.

As ECTC heads in to its eighth year of operation it is important to reflect on what the Company has delivered since it was incorporated in 2016.

Commercial Services- Grounds Maintenance

In 2017 the Council awarded a 10-year maintenance and management contract to ECTC to deliver Grounds Maintenance services on its behalf. The annual value of this contract was £699,548 increasing with RPI.

Over the years ECTC has increased the number of sites that it maintains on behalf of the Council and has not increased the management fee that was agreed in 2017. Furthermore, ECTC has been in a position to offer a £100,000 discount on the management fee for each of the years 2020/21, 2021/22 and 2022/23. This represents an overall saving to the Council of £300,000.

ECTC has been able to include additional sites and offer a discount because it has been able to generate income and profit from other organisations and has used the profits to invest in the

service and offer discounts on the management fee to the Council where appropriate. In 2023/24 ECTC generated 29% of its income from other organisations. This is something that the Council would not have been able to achieve because of its limitations to act commercially in a public sector environment.

For various reasons, a discount is not being offered in 2024/25 and this largely relates to the increased sites being managed on behalf of the Council and the increased salary costs which are being absorbed within the additional income received by ECTC from other contracts.

Commercial Services- Ely Markets

This business area is a great success for ECTC. Since 2016 Ely Markets has increased its revenue by 29% and year on year has delivered profit to the Company. Albeit in 2023/24 the profits are small but reflect investment and absorption of increased salaries arising from both the NJC pay award and a reevaluation and redesignation of responsibilities.

As well as financial return to the company Ely Markets has provided a vibrant market that has generated millions of pounds of spend into the local economy.

Ely Markets also delivers another direct financial benefit to the Council by leasing Ely Market Place at a cost of £30,000 per annum (increasing annually in accordance with the contract). This is income that the Council would not be able to achieve if it directly managed the service.

In 2016 Ely Markets employed 3 part-time core staff. In 2024 Ely Markets employs 2 full-time and 3 part-time core staff and utilises a number of casual staff; ranging from reeking crew to stewards that assist with event management and safety on special market days, e.g. Foodie Fridays. Investment has also been made to ensure the improvement and sustainability of the service. All of this has been achieved at no cost to the Council. Ely Markets has returned profits to the Company and some profits have been used to reinvest in the service.

Financial returns aside Ely Markets is able to boast the following successes (this list is by no means exhaustive):

- Vegan Fair
- Festive Lates
- Mini Markets
- Foodie Fridays
- Prince of Wales Visit
- NABMA Award Winner
- Queens Jubilee Weekend
- Christmas Markets
- Environmental Campaign #Bring Your Own
- Safe environment during COVID

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These successes not only increase returns for ECTC but more importantly increase city centre footfall, provide choice and a safe and sustainable shopping alternative for the community, facilitate small businesses (providing a launch-pad which sometimes lead to established business in the city centre and beyond) and provide a more sustainable and environmentally responsible offer to the community.

Property Development

Since 2016 ECTC has delivered 170 homes and 44 of these are affordable housing units delivered through Community Land Trusts, enabling people to live and work locally.

Site	Open Market	Affordable Housing
Barton Road, Ely (Kings Row)	9	2 + Contribution in lieu
The Shade, Soham (The Fledglings)	5	8
Former MOD Phase 1 (Arbour Square)	77	15
West End Gardens, Haddenham (Ovins Rise)	35	19
Total	126	44

ECTC, as site promoter, worked with the landowners and Kennett CLT to facilitate the delivery of an infrastructure first 500 home development, which includes 150 affordable homes (60 of which will be owned and managed by the CLT), near net zero development. The landowners sold the site to Bellway in 2021 and planning has been approved for the detailed design of 328 of the units and the perimeter road. The development has commenced with open market sales due in the summer of 2024 and the first 4 CLT units being available in July 2024, 10 in November 2024 and 16 expected in March 2025. ECTC maintain a legal interest in the site and have a key role to play through the Kennett Delivery Board to ensure that the vision is adhered to.

The future pipeline includes Eden Square, Ely; 13 unit scheme which includes 4 £100k Homes, MOD Phase 2; 27 unit scheme which includes a minimum 33% affordable housing and MOD Phase 3; 14 unit scheme (subject to planning).

Financing and returns

ECTC has been able to deliver its business plans as a result of its ability to generate income from its activities in both Property and Commercial Services.

In 2016 the Council agreed a 5-year £5m loan facility to ECTC as a general loan and in 2018 agreed a further loan of £1.5m which was ringfenced to deliver the Former MOD site in Ely. The business impact of COVID-19 resulted in the Council, as lenders, agreeing new loan terms relating to interest rate and loan repayment date.

In April 2022 Council agreed a new loan facility of £7.5m. The purpose of the loan was to facilitate repayment of existing loans and facilitate the delivery of 3 new sites; Former Paradise Pools, Ely, MOD Phase 2 and MOD Phase 3.

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In February 2024, the Council agreed to extend the loan deadline from March 2026 to March 2027 to accommodate the timetable changes necessary to enable the NHS to complete the car park works which where only possible because of the land swap agreement between ECTC and the NHS. Note: the loan interest rate increased from 4.50% to 5.25% for the extension period (March 2026 to March 2027).

By 31st March 2024, ECTC will have paid £1,527,705 in interest to ECDC.

In 2018 Cambridgeshire and Peterborough Combined Authority (CPCA) agreed a £6.5m loan facility that enabled ECTC to progress the West End Gardens, Haddenham development. Due to the impact of COVID-19 it was necessary to negotiate a new repayment date for repayment of the loan. ECTC repaid the principal loan in January 2023, two months ahead of schedule.

In 2018 CPCA agreed a £24m loan facility that enabled ECTC to progress the MOD Phase 1 development. Due to the impact of COVID-19 it was necessary to negotiate a new repayment date for repayment of the loan. It is expected that this loan was repaid on 31 March 2023.

At the time of repayment, the interest paid to the CPCA was £1.84m.

ECTC could have, with the consent of Council, secured loan financing from traditional lenders. It has not done this and instead has borrowed from the public sector. This means that between ECDC and CPCA the public sector has benefited to the total amount of £3,317,939 with further interest payments due to ECDC in future years.

In addition to the benefits identified above ECTC has also delivered the following financial benefit to the Council:

Purpose	Total 1 April 2016 to 31 March 2024
Senior Management Cost Recovery	£365,959
Service Charge Recovery	£472,044
Accommodation Cost Recovery	£445,174
S106/CIL	£861,995
Land Acquisition	£1,264,650
Total	£3,409,823

In some years the Company is filing losses and in other years it is filing profits. In all years the Company has remained solvent because it is able to demonstrate future solvency. This is the nature of a company that deals predominantly in the development industry. It takes time and money to develop houses and income from these flow through a future timeframe. The end date of 31 March of a financial year is, in essence, an arbitrary date. For example, a house completing on 1 April of a year instead of 31 March of the same year can lead to the difference as to whether the Company is posting a loss in the previous year or an increased profit in the following year. The cashflow statement of the Company is a more accurate indicator of the financial capabilities of the Company, not the statutory accounts.

2. PROCESS

Service Level Agreements

ECDC will continue to provide support services to ECTC through Service Level Agreements (SLA). ECTC will negotiate individual SLAs with each ECDC support service to reflect the needs of ECTC. Each SLA will include measurable performance indicators, break clauses and remedies for non-performance. There will be an annual review process whereby SLAs are refined to more accurately reflect the support required by ECTC.

Support services from ECDC for 2024/25 include:

- HR Support, including recruitment and training
- Payroll
- Customer Services- Phone answering service and taking telephone payments
- Insurance provision (buildings, vehicles, employers and public liability)
- Legal Support, as and when required for Commercial Services
- Information Technology

Property and Assets

The Head Office of ECTC is The Grange, Nutholt Lane, Ely, Cambridgeshire, CB7 4EE.

Ely Markets currently occupy The Grange, Ely.

Grounds Maintenance currently occupy The Grange, Ely and The Depot, Portley Hill, Littleport.

Property Development occupy 5 Fordham House Court, Newmarket Road, Fordham. The property is occupied on a 6 year lease. Note: This lease comes to an end in December 2024 and there is no intention to enter into a new lease. Office spaces will be secured at The Grange, Ely and/or Littleport Depot and a payment will be made to the Council for the rent of office space.

Policies and Procedures

ECTC continue to use all relevant ECDC policies and procedures.

Data Protection

ECTC comply with the relevant legislation and guidance concerning Data Protection.

Freedom of Information

ECTC is subject to requests for the disclosure of information under the Freedom of Information Act 2000 in its own right. As such, ECTC maintain a record management system that complies with the relevant guidance concerning the maintenance and management of records. ECTC will liaise with ECDC as appropriate to ensure consistency in answering FOI request and provide such information to ECDC as it may require to answer questions it has received.

3. GOVERNANCE AND MANAGEMENT

This Business Plan will be delivered in full compliance with the governance arrangements set out by ECDC. ECTC will seek to maintain and enhance ECDC's reputation and brand for high standards.

ECTC continues to maintain an effective service and will deliver financial performance management reporting systems to the Board and ECDC Shareholder Committee which is the ECDC Finance & Assets Committee (F&A).

Board of Directors

The Board of Directors comprises:

- The Independent Chairman
- 2 ECDC Senior Officers; the Chief Executive and the Director Operations

Meetings

The quorum for board meetings shall be two.

At Board meetings each director shall have one vote.

Board meetings shall be held, wherever possible, at least quarterly on such dates that they may agree (where there is failure to reach an agreement a decision will be made by the Chairman).

An agenda for the meeting will be prepared and distributed not less than 5 days prior to the meeting (unless otherwise agreed by the Chairman).

Except where the information is commercially sensitive, approved minutes of Board meetings will be provided to the Shareholder Committee (Finance & Assets) for noting.

Managing Director and Company Secretary

The Managing Director of ECDC is the Chief Executive of ECDC. The Managing Director acts as the key conduit between ECTC and ECDC and has overall responsibility for ensuring compliance with the Shareholder Agreement.

The Company Secretary of ECDC is ECDC's Director Commercial.

ECTC's Relationship with ECDC

ECTC	Shareholder Committee (F&A)	Full Council	ECTC Board Observers
<ul style="list-style-type: none"> • Annual Business Plan <ul style="list-style-type: none"> • Produce for approval by F&A • Biannual Report to F&A <ul style="list-style-type: none"> • Produce for noting by F&A a report containing: <ul style="list-style-type: none"> • Strategic Risk Assessment • Progress against Business Plan • Summary Management Accounts and key financial metrics including financial projections and variations • Quarterly Report to F&A <ul style="list-style-type: none"> • Produce for noting by F&A Quarterly Management Accounts 	<ul style="list-style-type: none"> • Annual Business Plan <ul style="list-style-type: none"> • Receive, comment and approve the Annual Business Plan • Biannual Report <ul style="list-style-type: none"> • Receive, comment on and note • Quarterly Report <ul style="list-style-type: none"> • Receive, comment on and note • Key Decisions <ul style="list-style-type: none"> • Approval of the Annual Business Plan • Approval of ECTC entering into any joint venture • Approval of the borrowing of any external money (other than from Cambridgeshire and Peterborough Combined Authority) 	<ul style="list-style-type: none"> • Decisions reserved for Full Council <ul style="list-style-type: none"> • Matters relating to the control of shares • Amendments to the Articles of Association • Matters relating to the payment of a dividend • Matters relating to company structure • Matters relating to the cessation of ECTC • Matters relating to the business that is not considered ancillary or incidental to the approved Business Plan • Appointment/removal of directors • Remuneration of any director • Entering into a service contract, terms of appointment or other agreement with a director • Remuneration of any ECTC employee exceeding £100,000 • Establishing or amending any profit sharing, share option, bonus or other incentives of any nature for directors and employees • Making bonus payments to any director or employee • Changing the name or registered office 	<ul style="list-style-type: none"> • Rights of Observers <ul style="list-style-type: none"> • The Board of Directors shall notify the Observers of when meetings will be held • The Observer may contribute to discussions at Board Meetings • The Observers are not entitled to vote on any decision contemplated by the Board of Directors • The attendance of Observers does not count towards a quorum • Observers will have access to board papers and minutes and must comply with confidentiality rules of the company • Observers cannot participate on matters where there is a direct conflict of interest to their personal business

4. FINANCIAL INFORMATION

Budget

The table below provides a summary of turnover and cost up to March 2027.

The balance sheet and cashflow statement are provided as EXEMPT Appendix 1.

	2022/23	2023/24	2024/25	2025/26	2026/27
Turnover					
Commercial	1,317,360	1,479,735	1,572,451	1,616,465	1,661,736
Property	27,054,487	4,237,070	4,622,943	7,745,950	3,911,933
Total	28,371,847	5,716,805	6,195,394	9,362,415	5,573,669
Cost					
Corporate	277,336	247,509	229,197	233,581	254,717
Commercial	1,340,074	1,466,956	1,562,590	1,589,857	1,617,628
Property	25,366,877	4,440,377	4,599,532	6,410,520	3,379,083
Total	26,984,287	6,154,842	6,391,319	8,233,958	5,251,428
EBITDA	1,387,560	(438,037)	(195,925)	1,128,457	322,241
Interest cost	1,164,178	379,858	167,709	223,950	105,266
Profit before tax	223,382	(817,895)	(363,634)	904,507	216,975

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Financial Benefit to ECDC

The table below shows the receipts that ECDC will have received from ECTC as a result of its activities from April 2016 up to the end of March 2024.

	£	£	£
Land receipts			
Soham	10,000		
Barton Road, Ely	715,000		
Eden Square	<u>539,650</u>		
Total land receipts		1,264,650	
S106 / CIL agreements			
Soham	16,752		
Barton Road, Ely	200,122		
Haddenham	547,378		
Paradise	<u>97,743</u>		
Total S106 / CIL agreements		861,995	
Total council tax receipts from new properties		63,892	
Property Development			2,190,537
ECDC Charges			
Interest		1,527,705	
Support Services			
Management Support	365,959		
Finance	61,687		
Payroll & HR	84,324		
IT Support	59,093		
Customer Services	32,391		
Vehicles	<u>229,241</u>		
Member Services	5,307		
		838,003	
Accommodation		445,174	
Total ECDC Charges			2,810,883
Reduction in Parks			300,000
			<u>5,301,420</u>

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EAST CAMBS TRADING COMPANY LTD:		STATEMENT OF FINANCIAL BENEFITS FOR EAST CAMBS DISTRICT COUNCIL											
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	CUMULATIVE	2023/24	2024/25	2025/26	2026/27	
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	TO DATE	Forecast	Forecast	Forecast	Forecast	TOTAL
SUMMARY													
FINANCIAL BENEFITS FROM PROPERTY DEVELOPMENT			943,224	109,745	444,171	16,559	16,559	1,530,259	660,278	66,959	179,188	26,985	2,463,668
CHARGES INCURRED FROM ECDC	101,299	249,888	383,834	389,627	435,959	365,777	411,939	2,338,322	472,560	443,822	318,326	265,109	3,838,139
REDUCTIONS IN PARKS CONTRACTS					100,000	100,000	100,000	300,000					300,000
TOTAL FINANCIAL BENEFIT FROM TRADING COMPANY	101,299	249,888	1,327,058	499,372	980,130	482,336	528,498	4,168,581	1,132,838	510,780	497,513	292,093	6,601,806

5. RISK MANAGEMENT

Inherent Risk							Residual Risk				Monitoring
Risk No.	Risk Description	Effect	Owner	Likelihood	Impact	Score	Key Controls	Likelihood	Impact	Score	Notes
Legislative/Policy											
1.	Changes in legislation could place restrictions on the Council's power to trade in a commercial manner	Possible restrictions or cessation	MD	1	5	5	<p>Continuous monitoring of changes to legislation and government guidance through liaison with MP's, ebulletins, consultations, LGA Knowledge Hub and other publications.</p> <p>If there are significant changes in legislation this risk should be addressed immediately by the MD and reported to the Board of Directors. An amended Business Plan or Exit Strategy may need to be approved by the Board of Directors and submitted to Council.</p>	1	5	5	This is a medium to long term risk and no significant changes in legislation are anticipated that will affect the company during 2024/25.
2.	Changes in legislation could impact on ECTC's ability to borrow (or conversely ECDC's power to lend) to fund future projects	ECTC would need to borrow externally which requires Council consent	FM	1	5	5	The Council's S151 Officer attends all Board meetings and advises on all relevant financial and governance matters	1	5	5	<p>This is a medium to long term risk and no significant changes in legislation are anticipated that will affect the company during 2024/25.</p> <p>The Company has secured a loan from ECDC to fund the projects within this Business Plan.</p>

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3.	Changes in Planning and Housing Policies could have an impact on Property division, for example, First Homes and policies relating to Climate Change and Nature Recovery.	Reduced ability to repay ECDC loan or reinvest profits into future projects	DC	2	2	4	<p>The Levelling up and Regeneration Bill could introduce key changes which will impact on housebuilding.</p> <p>The Council may choose to commence a new Local Plan following changes through the Levelling up and Regeneration Bill.</p> <p>This may impact on future, yet unknown, projects.</p> <p>Changes are to be monitored and assumptions continuously reviewed to ensure that the projects remain profitable with risks incorporated into individual business cases.</p>	2	2	4	<p>There is no impact on the projects that have planning permission and no significantly adverse impact on projects going through the planning system in 2024/25.</p> <p>Individual business cases for future projects should consider possible changes in Planning and Housing Policy.</p>
Governance											
4.	Inadequate governance arrangements and lack of clarity on roles of ECDC and ECTC could lead to poor decision making that undermines the operation of ECTC.	Impact on the Commercial operation of ECTC	MD	3	4	1 2	<p>Shareholder Agreement</p> <p>Articles of Association</p> <p>Rights of Observers</p> <p>Service Level Agreements</p> <p>Management Contracts</p>	1	4	4	<p>Governance arrangements are currently fit-for-purpose</p> <p>The Shareholder Agreement will be amended in 2024/25 to reflect minor improvement recommendations from the Council's Internal Auditors.</p>
5.	ECTC is wholly owned by ECDC and so is subject to the controls and decision-making process for matters that	The speed of decision-making process may have an impact on ECTC's ability to operate effectively.	MD	3	4	1 2	Shareholder Agreement	1	4	4	The Shareholder Agreement provides for the ability of extraordinary meetings of the Shareholder Committee to be called to consider urgent business and where

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	are outside of the Business Plan.										necessary make recommendations to Full Council.
Economic											
6.	ECDC has provided a £7.5m loan to ECTC to be drawn down and repaid in accordance with the loan agreement. In the event of an economic slowdown or sites not being delivered in the timeframe contemplated in the loan request, there may be a risk that the company cannot meet the repayment schedule.	The £7.5m loan provides ECDC with security over all ECTC's unsecured assets. ECDC could call on it's rights to recover the loan.	FM	5	5	2 5	Loan Agreement Debenture Agreement ECTC/ECDC Finance Manager Briefings Board review of business and loan performance Sensitivity analysis for future housebuilding projects Ability to make formal requests to the Council to make changes to the loan which will be supported by evidence of ability to repay the loan	4	5	2 0	When requesting the loan sensitivity analysis was carried out for future projects. Individual, detailed business cases will be produced for future projects which will review assumptions made when requesting the loan. Eden Square, Ely has received Full Business Case approval with appropriate sales/cost assumptions, including factoring for a slow build/sales programme. The NHS projections identify that the land for MOD Phase 3 will not be available until later in 2024. In February 2024 the Council agreed an extension to the loan deadline to March 2027 to accommodate this.
7.	With the exception of new loans from CPCA, ECTC cannot increase its	ECTC would need to work with the 'market' to secure financing.	FM/DC	2	5	1 0	ECTC/ECDC Finance Manager meetings	2	5	1 0	ECTC has secured loan financing for the projects in this Business Plan.

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	<p>indebtedness without the consent of the Shareholder Committee (loans can be provided by ECDC and this requires the consent of Council).</p> <p>If ECDC's MTFS is not successfully implemented the availability of loan finance to ECTC could be reduced. This may lead to ECTC needing to borrow from the 'market'.</p>	If borrowing could not be secured from the 'market' then ECTC would need to factor this in future business planning.					Discussions with Council in advance of need to ensure there is time to consider alternative options				If opportunities arise in the future financing discussions with the Council will be held as soon as practicable.
8.	Changes in taxation, interest rates and build cost inflation.	These factors could have an impact on the viability and profitability of ECTC.	FM/DC	3	3	9	<p>FM monitors taxation and interest rate.</p> <p>Build cost inflation is a key short to medium term risk to the company; to minimise the impact, wherever possible, build contracts will be let on a fixed price basis with costs defined.</p>	2	3	6	The FM and DC monitor changes and factor these changes into individual detailed business cases.
9.	Cost of living	The cost of living crisis could impact on the sale ability and/or profitability of a scheme, for example, increased mortgage rates	FM/DC	4	4	16	Future development schemes will include this risk in the Full Business Case Phase with appropriate sensitivity analysis carried out which will include testing a longer sales period and the impact this may have on cashflow and the ability for ECTC to repay its loan.	4	2	8	<p>Continuous review of the homes remaining for sale in the portfolio is ongoing.</p> <p>Regular reports are produced 'Project Status Update' for Board to be kept up to date.</p>

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10.	Economic downturn could result in lower profits (or even possible losses) than are anticipated in the Business Plan	Depending on the severity of the situation it may impact on ECTC's ability to meet its financial obligations to its creditors	FM/DC	3	5	1 5	<p>FM and DC carry out a full assessment of the market conditions before any development commences.</p> <p>Once projects have commenced, ECTC is at risk from market fluctuations.</p> <p>In the event of a market downturn the DC will appraise the MD and the Board and make recommendations to mitigate any potential losses.</p>	3	5	1 5	<p>The impact of change in market behavior is being actively managed.</p> <p>DC and FM will consider this risk when producing the detailed individual business cases for future projects and this will include monitoring this risk if the plans are approved by the Board.</p> <p>Monitor closely and link with the specific cost of living risk.</p> <p>Eden Square, Ely has received Full Business Case approval with appropriate sales/cost assumptions, including factoring for a slow build/sales programme.</p>
Operational											
11.	Inadequate management of commercial build contracts can lead to delays, overspends and reduced profitability/cash flow for ECTC.	This could impact on ECTC's ability to meet its financial obligations to its creditors	FM/DC	2	4	8	<p>Qualified project manager</p> <p>Regular review of business case assumptions</p>	1	4	4	The DC and FM, in the business planning cycle, are aware of these risks and meet fortnightly with the project team to monitor the assumptions made in the individual business cases.
12.	Adequacy of organisational resources to deliver the required business outcomes.	Could lead to not being able to deliver the Business Plan	DC	1	3	3	<p>Resources identified when recommending the Business Plan for Board and F & A approval.</p> <p>In year changes discussed with the MD</p>	1	3	3	Adequacy of resources is continuously reviewed. There is continued investment in facilities, staff and training to

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												ensure that ECTC has the resources that it needs to deliver the necessary outcomes.
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FM- ECTC Finance Manager

MD- ECTC Managing Director

DC- Director Commercial

Residual Risk Scoring

All risks are monitored by the Director Commercial on a monthly basis and updates are sought from relevant personnel.

- Low- (risk score 1 to 9)- Routine noting to Board
- Medium- (risk score 10 to 14)- Routine noting to Board and relevant updates provided to provide assurance that the risk is being managed
- High- (risk score 15+)- Reported to Board with actions outlined and where necessary a plan of action provided

6. COMMERCIAL SERVICES

The Commercial Services of ECTC currently deliver Ely Markets on behalf of ECDC and Grounds Maintenance Services; both on behalf of ECDC and for other customers.

Commercial services, through the Grounds Maintenance Service has made a commitment to explore areas of income generation that will enable ECDC to continue to deliver good quality services for its residents, visitors and businesses.

The primary focus of Commercial Services for 2024/25 shall be to continue to develop Ely Markets, focusing on the community as its customer, and Grounds Maintenance Service focusing on new areas of income generation; ensuring that both continue to deliver high quality services that respond to the needs of their customers and seek to maximise opportunities that arise throughout the year.

The following table provides a cumulative budget to March 2027.

	2022/23	2023/24	2024/25	2025/26	2026/27
Turnover	1,317,360	1,479,735	1,572,451	1,616,465	1,661,736
Cost	1,340,074	1,466,956	1,562,590	1,589,857	1,617,628
EBITDA	(22,714)	12,779	9,861	26,608	44,108

For 2024/25 Grounds Maintenance is able to operate within the originally agreed management fee from ECDC for the service that it provides.

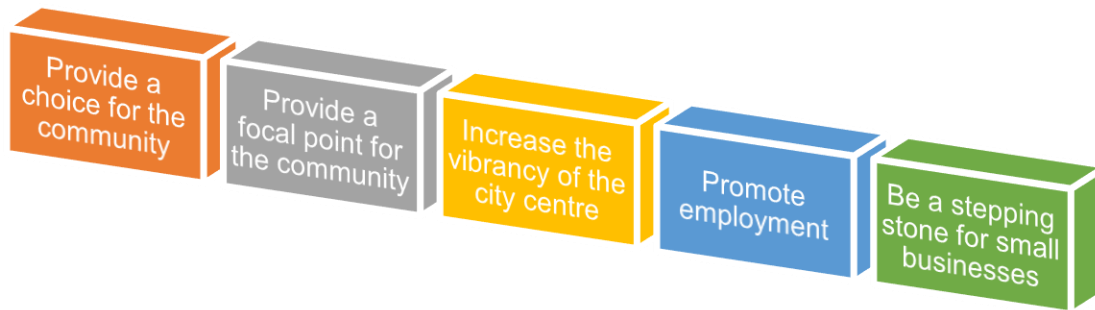
For various reasons, a discount is not being offered in 2024/25 and this largely relates to the increased sites being managed on behalf of the Council and the increased salary costs which are being absorbed within the additional income received by ECTC from other contracts.

Ely Markets has shown significant growth in the past and is projecting further growth as the Market goes from strength to strength. During 2024/25 and future years it is necessary to continue with the previously approved investment programme to ensure the growth and sustainability of the service.

Ely Markets

ECTC manages and operates Ely Markets on behalf of ECDC. This has been secured by way of a ten-year operations and management contract.

Service Objectives



Ely Markets have been at the heart of the community for more than 800 years. With currently 300+ traders on their books and a wider community turnover of £14 million, Ely Markets play a dynamic role in the Ely city centre economy and community.

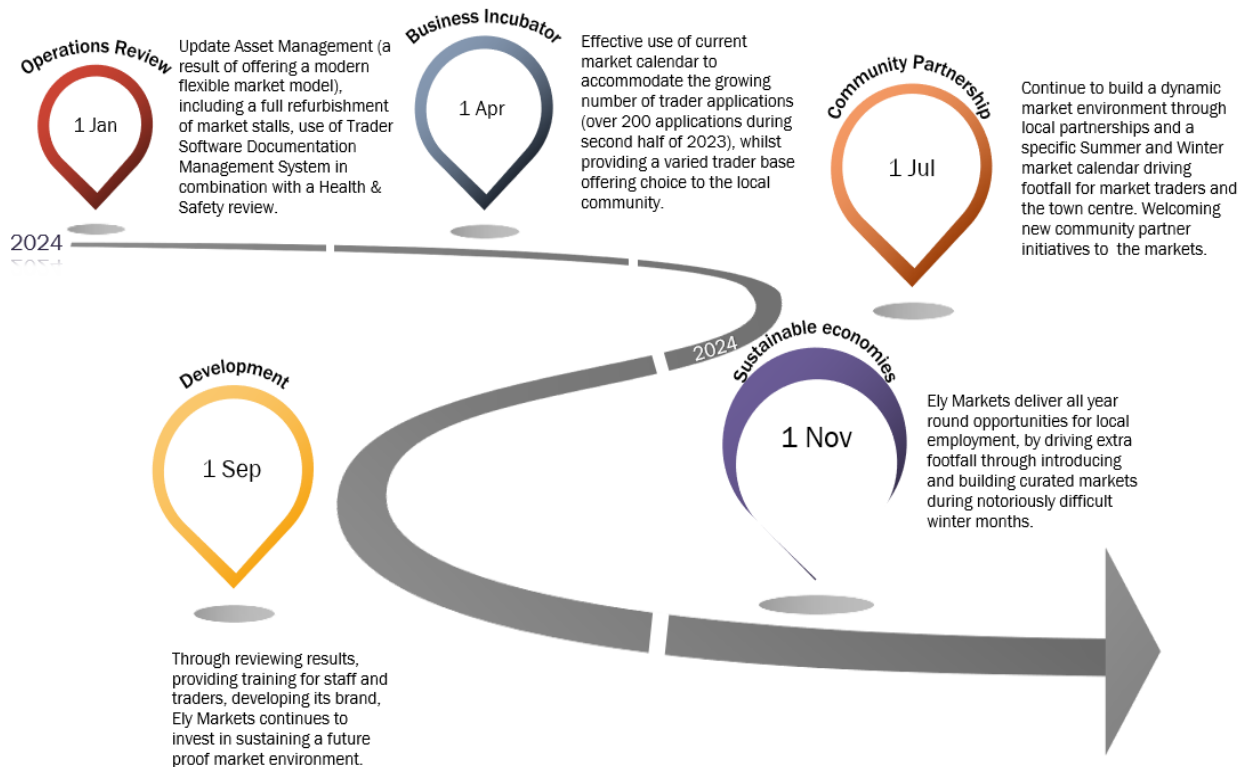
Based on a core approach of tradition, strength and innovation, our mission is to invest in a high quality and balanced market forum, provide infrastructure, growth and job opportunities within this local community.

Ely Markets welcomes around 50,000 visitors to their markets each week and supports a vision of a vibrant and thriving market town, whilst at the same time function as an engine for community based socio-economic interaction.

East Cambs Trading Company

Business Plan 2024/25

Ely Markets continues to go from strength to strength. There is an ongoing commitment to ensure that profits from the service are reinvested back into the service to ensuring that it continues to deliver an excellent offering to the community.



Budget

The following table provides a summary of the budget to March 2027.

Markets	2022/23	2023/24	2024/25	2025/26	2026/27
Turnover	292,583	299,923	315,988	322,308	328,754
Salaries	186,684	199,716	249,644	254,637	259,730
Premises	23,204	15,446	15,874	16,033	16,193
Transport	1,927	1,522	2,086	2,107	2,128
Supplies & Services	64,639	80,849	45,051	45,502	45,957
Gross Profit	16,130	2,389	3,333	4,030	4,747

Grounds Maintenance Service

ECTC currently carries out Grounds Maintenance services for a variety of different customers; ECDC, Cambridgeshire County Council, Parish Councils, Schools and other private clients. Grounds Maintenance Services include (but are not limited to) grass cutting, hedge trimming, SUDS maintenance, sport pitch line marking, tree services and sports pitch maintenance.

Service Objectives



ECTC's main client is ECDC which accounts for approximately 70% of its income.

Over the years the service has focused on harnessing relationships with its customers and building a strong reputation for delivering an excellent, high quality service. This has enabled ECTC to secure contracts outside of ECDC on a longer-term basis.

In its formative years ECTC was able to secure small ad hoc contracts, in the more recent years ECTC has been able to secure longer-term contracts with school academies.

Budget

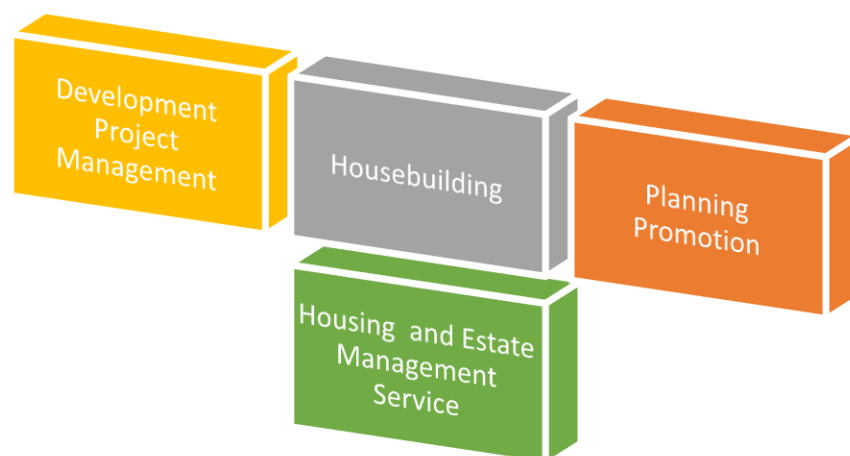
The following table provides a summary of the budget to March 2027

Grounds Maintenance	2022/23	2023/24	2024/25	2025/26	2026/27
Turnover	1,024,777	1,179,812	1,256,463	1,294,157	1,332,982
Salaries	769,457	852,584	914,470	932,759	951,415
Premises	66,194	70,797	74,595	75,341	76,094
Transport	139,892	156,730	173,857	175,596	177,352
Supplies & Services	88,077	89,311	87,013	87,883	88,762
EBITDA	(38,843)	10,390	6,528	22,578	39,359

7. PROPERTY DEVELOPMENT

ECTC's Property Development Team focus on the delivery of high quality development in East Cambridgeshire.

Service Objectives



Brief 2023/24 Overview

During 2023/24 the company continued to sell homes at Arbour Square, Ely. It is anticipated that by the end of March 2024 there will be 1 open market unit for sale and the final transfer of 2 Shared Ownership properties on the Arbour Square Phase 1 development.

Additionally, the company commenced construction of 13 new homes at Eden Square, Ely which includes 4 £100k Homes.

In addition, working in partnership with Kennett Community Land Trust and the landowners, the Company continued to work to ensure the agreed vision is delivered. This has facilitated the delivery of a flagship development which is commenced in July 2023.

Between 1 April 2023 and 31 March 2024 the Company will have sold and completed sales on 10 properties.

Projects

West End Gardens, Haddenham



This development of 54 new homes in the village of Haddenham commenced in late 2019. 19 of the new homes being built in the scheme are affordable homes that are managed by Haddenham CLT (HCLT). The HCLT homes are available to people that live/work in the parish and will remain affordable in perpetuity, benefiting the wider community for years to come. The first of the affordable homes were completed and transferred to HCLT in January 2021. In 2022/23 all CLT Homes were completed and transferred to HCLT. All the CLT homes are occupied by people living and/or working locally.

All homes are now sold and the area of public open space has been transferred to Haddenham Parish Council.

The company continues to act as a management company for the areas of land not transferred to the Parish Council (roads and small pockets of open space and verges).

Arbour Square, Ely (MOD Phase 1)



In late July 2019 ECTC acquired 8.78 hectares (21.6 acres) of land in Ely from the Ministry of Defence (MoD). The land included 88 existing houses and provided opportunities for further new-build development. The houses were formerly used to accommodate US Air Force families, but some stood empty for up to 5 years.

The company has been refurbishing these houses to bring them back into use. Improvements to the streetscape and provision of additional off-road parking have also been carried out. Through these improvements, it has also been possible to convert four houses into eight flats, delivering 92 homes in total. 15 of the 92 homes are shared ownership affordable units, the first of which were occupied in April 2022. The 15 shared ownership properties will be owned and managed by East Cambs CLT (ECCLT) and are available to people that live/work in the parish.

Affordable Housing- As at 21 February 2024 13 properties are now occupied and 2 properties are sold and due to complete during the early part of 2024/25.

Market Homes- As at 21 February 2024 75 have been sold, 1 property has exchanged and awaiting legal completion (due in March 2024) and 1 is being rented for 6 months.

Eden Square, Ely



Construction has commenced on 13 homes on the site at Eden Square, Ely. Four of the homes will be provided as £100k Homes. It is anticipated that the development will complete in September 2024 with release of sales commencing in early summer 2024.

The Board will receive updates on the project at each Board meeting.

Arbour Square, Ely- (Phase 2) New Build



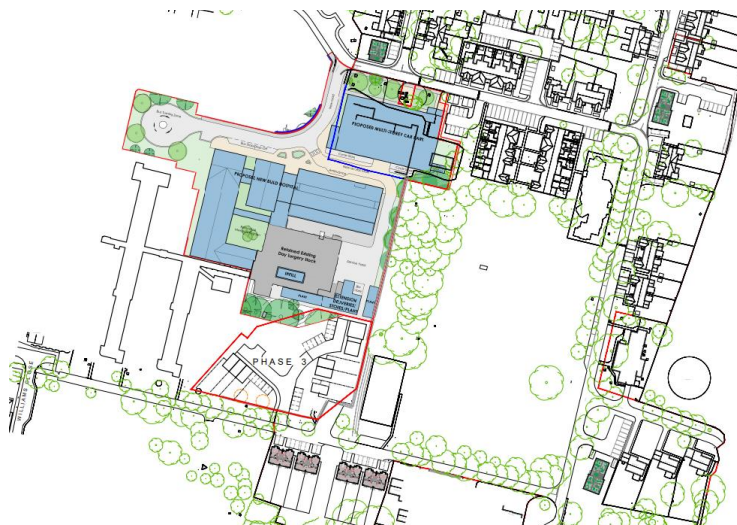
Complying with its contractual obligations to the MoD when it acquired the site in July 2019 (the effect of which required the Company to test and maximise the planning opportunity for housing on the site) the Company submitted a planning application for Phase 2 at MOD Ely in July 2020. This application was for 53 new build properties to be built within the existing housing estate. The application was subsequently revised in October 2021 to reduce the number of new properties to 42 one, two, three and four-bed homes.

Through discussions with planning officers at ECDC, the company has further reduced the scheme to 27 one, two and three-bed homes. This has been achieved by removing units from the open green space, thereby preserving the open green space.

The planning application includes a policy compliant level of 33% affordable housing. In 2022/23 the Council's Planning Committee approved the application subject to the prior completion of a Section 106 Agreement. Planning permission was issued on 19 February 2024.

A full business case for the new build project will be developed and presented to Board for approval in late March/early April 2024. If approved construction will commence in early Autumn 2024.

MOD Phase 3



The Company has entered into a land-swap contract with the NHS as part of its enabling works for the new Princess of Wales hospital. In return for transferring land for a new car park to the NHS, the Company has received an equivalent area of brownfield land (currently used for car parking associated with the hospital use) that could be developed, subject to planning, for new build residential planning. This land, with planning potential for around 14 new homes, will form Phase 3 of the Company's development at Ely.

If planning permission is achieved and the Board approve the Full Business Case, it is anticipated that development could commence in 2024/25.

Kennett Garden Village



East Cambs Trading Company

Business Plan 2024/25

Kennett Garden Village is a scheme for 500 mixed-tenure homes, including 25 self-build plots, £100k Homes and 150 affordable homes with 60 of these to be owned, in perpetuity by Kennett CLT.

This flagship development will take an 'Infrastructure First' approach and the key triggers that were agreed at the planning stages ensure early delivery, in the first phase of a primary school, off-site highway improvements, perimeter road, village green and community facilities.

The development will be a sustainable, low-carbon development with an ambition to reach near net-zero and adopts Garden Village principles of low density and extensive open green space.

Having secured outline planning permission for the development in 2021 the company completed land contracts to facilitate the sale of land by the Company's landowner partners to Bellway Homes.

Land at Kennett for commercial development, care home/retirement housing was not sold to Bellway and this has been retained by the landowners. The land will be sold when it has been provided with connecting roads and utilities infrastructure by Bellway Homes. When these final parcels of land are sold the Company will receive further promoter's fees from the project.

Over the coming years, working alongside Kennett CLT, the landowners and Bellway through the Kennett Garden Village Delivery Board, the Company will continue to play a lead role in the delivery of the new development, helping to ensure that the key principles of the Quality Charter are achieved. This oversight role will also help to ensure that the Company's legal and financial interests in the remaining land parcels are carefully protected.

Bellway has secured Reserved Matters consent for the perimeter road and 328 homes. The site is commenced in July 2023.

Financial Projections

PGH	2022/23	2023/24	2024/25	2025/26	2026/27
Turnover	27,054,487	4,237,070	4,622,943	7,745,950	3,911,933
Housing construction costs	24,997,022	3,976,458	4,119,340	5,937,298	2,896,397
Salaries	277,316	381,009	411,207	402,866	410,923
Premises	25,461	21,961	20,201	20,600	21,012
Supplies & Services	67,078	60,949	48,784	49,756	50,751
Gross Profit	1,687,610	(203,307)	23,411	1,335,430	532,850

ECTC (Property) - SWOT Matrix

SWOT MATRIX	
INTERNAL FACTORS	
STRENGTHS (+)	WEAKNESSES (-)
<ol style="list-style-type: none"> 1. Low overhead costs. 2. Specialist knowledge of project and construction teams. 3. Strong local connections with key stakeholders, contractors and suppliers. 4. Company ethos aligned with development partners. 	<ol style="list-style-type: none"> 1. Reliance on existing public sector funders. 2. Build costs higher than volume house builders. 3. Balancing of financial priorities / community benefit inevitably becomes political.
EXTERNAL FACTORS	
OPPORTUNITIES (+)	THREATS (-)
<ol style="list-style-type: none"> 1. ECTC objectives aligned with Council Corporate Plan. 2. Public sector land disposal programmes. 3. Partnerships / Joint ventures with commercial companies and other public sector bodies. 	<ol style="list-style-type: none"> 1. Increasing build costs 2. Current projects show low profit margins to ensure community benefits but this puts company more at risk from market variations. 3. Changing Council priorities can take time to implement on complex development projects. 4. Increasing mortgage interest rates. 5. Cost of Living Crisis.