

**COPY OF THE HALF YEARLY REPORT TO THE
BOARD OF THE EAST CAMBRIDGESHIRE TRADING
COMPANY**

22 SEPTEMBER 2016

**EMMA GRIMA
COMMERCIAL DIRECTOR**

HALF YEARLY REPORT

East Cambs Trading Company Limited (ECTC) has been operational since 1 April 2016. The vision for ECTC is set out in the Overall Business Plan (December 2015); We believe in improving the quality of life of the taxpayer of East Cambridgeshire and we believe in the Council's objectives that are set out in the Corporate Plan 2015-2019. ECTC will support the Council in achieving these objectives.

In order to achieve this vision ECTC has adopted the following strategic objectives:

- To maximise on every commercial opportunity available,
- To trade in a manner that, wherever possible, acts in the best interest of the Council,
- To establish ECTC as a successful local developer with a reputation for delivering high quality, well-designed residential property,
- To optimise the financial return from Council owned land and property,
- To make a positive contribution to the delivery of more housing across the District to meet housing need in all segments of the market,
- To recycle surplus funds generated from these projects to support the Corporate Objectives of East Cambridgeshire District Council and enhance its reputation and financial viability, and
- To stimulate growth of Community Land Trusts in East Cambridgeshire and open up a large enough market for ECTC to thrive.

Our services will be:

- Flexible- innovative and tailor made options to meet the needs of the individual customer,
- Local- wherever possible (and relevant), ECTC will utilise local suppliers, and
- Trusted- reliable services delivered by skilled staff.

ECTC has two divisions; Commercial Services and Property Development.

GOVERNANCE

- The registered address is The Grange, Nutholt Lane, Ely, Cambridgeshire, CB7 4EE.
- The sole shareholder is East Cambridgeshire District Council (ECDC). ECDC provides share capital of £1 and a loan of £5,000,000 to enable ECTC to achieve the objectives of the Business Plan. The loan has been provided by ECDC on an “arms-length” basis. The prevailing interest rate for the loan is 2% above PWLB, which at the time of first transfer of funds was 5.22%. The loan agreement requires that the full loan amount is repaid within 5 years.
- The financial year runs from 1 April to 31 March of each year.
- NATWEST is the company’s bankers. A current account has been created and a credit card has been obtained; use has been restricted to Board Directors with a maximum spend limit of £2,500.
- The VAT registration number is 237 9735 65.
- Insurance cover has been arranged with ZMI and the cover extends to professional indemnity, public liability, employers liability and professional negligence.
- A pension scheme has been established with Royal London for employees to enrol with.
- External audit arrangements are being investigated by the Company Secretary.
- Registered with the Information Commissioners Office.
- Adopted all ECDC policies and procedures and will review this position as the company develops.

The Board of Directors

The Board of Directors is comprised of the Leader of Council, the Deputy Leader of Council, the Chief Executive of the Council, the Director, Commercial of the Council and an Independent Chairman. The Board of Directors is assisted by the Company Secretary who is the Council’s Director, Resources (Section 151 Officer).

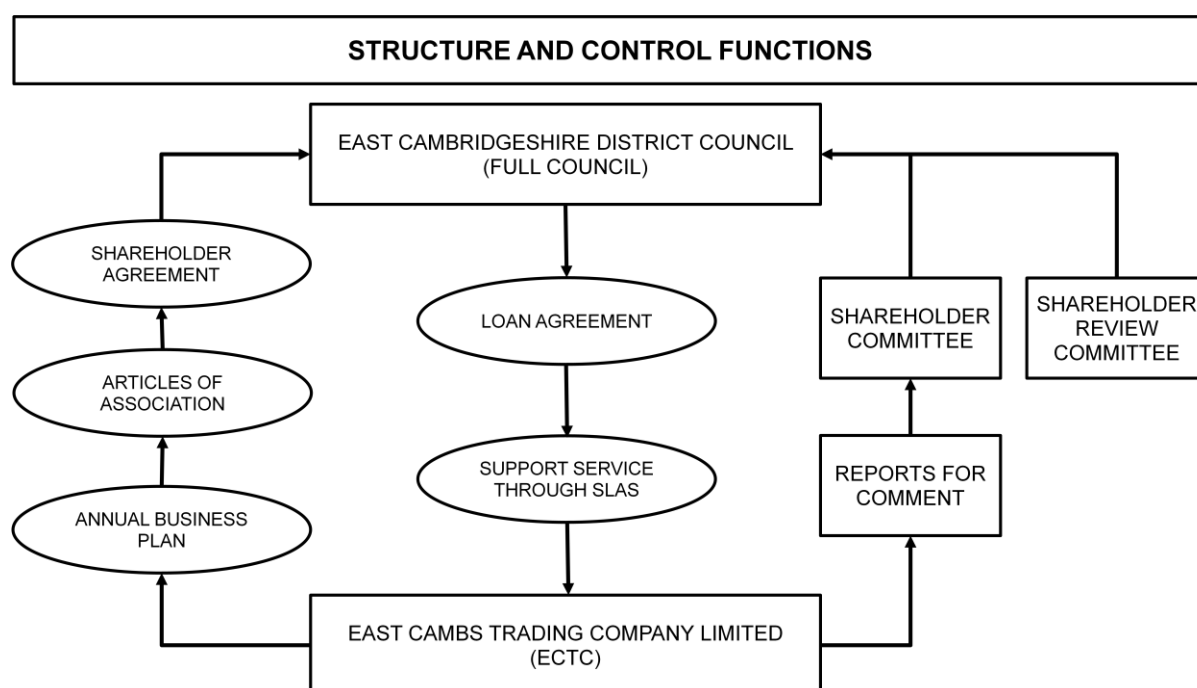
All members of the Board of Directors are required to disclose any interest which might be considered to conflict with the company, particularly any potential conflicts with contracts for the company.

Board Meetings and Reports

The Board of Directors meets formally once a quarter and informally once a month (except where there is a formal board meeting). The Board of Directors receives the following reports at its formal meeting:

- Report from the Company Secretary
- Report from the Director, Commercial Services
- Report from the Head of Development
- Action taken by the Managing Director (for information)

ECTC's relationship with ECDC



ROLES AND RESPONSIBILITIES			
ECTC	SHAREHOLDER COMMITTEE	SHAREHOLDER REVIEW COMMITTEE	FULL COUNCIL
<p>Annual Business Plan</p> <ul style="list-style-type: none"> - Produced for comment to Shareholder Committee (Dec) - Consider comments from Shareholder Committee and amend if appropriate - Final draft for information to Shareholder Committee (January) - Produced for approval by Full Council (Feb) <p>Quarterly Update</p> <p>To Shareholder Committee for information a report that provides the following information:</p> <ul style="list-style-type: none"> - Services provided by ECTC with quality performance matched against contractually agreed service levels - Progress against the Business Plan & financial projections - Management accounts and key financial metrics - Review of future service developments & opportunities - Information and assessment of any additional ad hoc requests 	<p>The role is not operational and does not have powers to make decisions on behalf of the Council or ECTC.</p> <p>Annual Business Plan</p> <ul style="list-style-type: none"> - Receive and comment on draft Annual Business Plan (Dec) - Receive and note Annual Business Plan (Jan) <p>Quarterly Update</p> <p>Receive quarterly update for noting</p> <p>ECTC Chairman</p> <p>Recommend to Full Council, where relevant, the appointment of the Chairman of the Board</p> <p>ECTC Board</p> <p>Recommend to Full Council, where relevant, the constitution of the Board of Directors</p> <p>Shares</p> <p>Make recommendations to Full Council on how it should exercise the functions flowing from its ownership of shares</p>	<p>The committee has been established to consider and make recommendations to Full Council, as necessary, on:</p> <ul style="list-style-type: none"> - The progress and effectiveness of the current Shareholder Committee - Overall governance and constitutional issues relating to the Shareholder Committee - Other potential options/arrangements for a Shareholder Committee of the Council that is able to effectively monitor and scrutinise ECTC <p>For the avoidance of doubt the committee has not been established to review ECTC governance, operation and performance. These rights are reserved for the Shareholder Committee and Full Council as defined by the Shareholder Agreement.</p>	<p>Decisions reserved for Full Council:</p> <ul style="list-style-type: none"> - Matters relating to the control of shares - Amendments to Articles of Association - Matters relating to the payment of a dividend - Matters relating to the company structure of ECTC - Matters relating to the cessation of ECTC - Matters relating to the business if it is not considered to be ancillary or incidental to the approved business - Appointment/removal of a Director - 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 any bonus payment to any Director or key employee - Borrowing any monies (other than normal trade credit) - Changing the name or registered office - Approval to the annual business plan

RISK MANAGEMENT PLAN
Updated from Business Plan

Legislative/Policy				
Identified Risk	Management of Risk	Risk Score		Risk Owner
<p>Changes in legislation which could place restrictions on the Council's powers to trade in a commercial manner.</p> <p>Changes in legislation could impact on ECTC's ability to borrow (or conversely ECDC's power to lend) to fund future projects</p>	<p>This is outside the control of ECTC. Going forward this will need to be monitored.</p> <p>Continuous monitoring of changes to legislation through liaison with MP's, ebulletins, consultations, LGA KnowledgeHub and other publications.</p> <p>Any significant changes in legislation which realise this risk should be addressed immediately by the Managing Director to the Board of Directors.</p> <p>An amended Business Plan or Exit Strategy will need to be approved by the Board of Directors and submitted to the Council.</p> <p>The Company Secretary (also ECDC's S151 Officer) attends all Board Meetings and advises on all relevant financial and governance matters.</p>	<p>Likelihood Impact Risk</p>	<p>1 5 5</p>	<p>Managing Director</p>
<p>The June 2016 Referendum result for the United Kingdom to leave the European Union could have a financial and/or operational impact on ECTC.</p> <p>The extent of the impact is unknown as Article 50 has not been triggered.</p> <p>At present negative impact is purely speculative and unquantifiable.</p>	<p>The Board of Directors shall continuously monitor the perceptions and actual impacts on market conditions and inform the Council of any changes/decisions that need to be made.</p> <p>Advice will be sought from the relevant professional body when appropriate.</p>	<p>Likelihood Impact Risk</p>	<p>3 4 12</p>	<p>Board of Directors</p> <p>Director, Resources (ECDC)</p>

Changes in Planning and Housing Policies could have an impact of the Property Division, for example, changes to Affordable Housing, Starter Homes, and Self-build could impact the profitability of a particular development.	<p>Officers are aware of changes to the Housing and Planning policies that are proposed in 2016. These changes will not impact on the site at Barton Road and as such does not undermine this development.</p> <p>The Head of Property Development will have regard to emerging changes to national planning policy, local planning policy and changes to legislation/regulation during the development appraisal process. These matters will be addressed through business planning.</p>	Likelihood Impact Risk	3 2 6	Head of Property Development
<p>The Council cannot demonstrate a five year land supply.</p> <p>This has a potential to undermine the ability to deliver CLT development in East Cambridgeshire.</p>	<p>The Council has commenced the production of a New Local Plan. The policies within the local plan that relate to CLT development have been refined to encourage the delivery of CLT development.</p> <p>As the Local Plan goes through certain stages of development, the policies within the plan will gain weight in the decision making process.</p> <p>In addition, the Council has produced a draft Supplementary Planning Document which seeks to accelerate the delivery of Community-led Development.</p> <p>The Council and ECTC promote CLT development in a manner that compliments CLT development in the District through policy and case study promotion.</p>	Likelihood Impact Risk	2 4 8	<p>Director, Commercial Services</p> <p>Head of Property Development</p>
Governance				
Inadequate governance arrangements and lack of clarity on roles of the Council and ECTC could lead to poor decision making which could undermine the operation of ECTC	<p>The Shareholder Agreement sets out the role of the Council and the role of ECTC (in particular matters reserved only for Council) and provides for governance of ECTC and the scrutiny arrangements through the Shareholder Committee.</p> <p>The Council and ECTC will monitor the practicalities of the Shareholder Agreement to ensure that it is fit-for-purpose. Any necessary changes will be brought to the attention of the Council.</p> <p>Any changes to the Shareholder Agreement will need to be approved by</p>	Likelihood Impact Risk	3 4 12	<p>Managing Director</p> <p>Director, Operations, ECDC</p>

	<p>the Council. The Managing Director will provide a report to the Council detailing any proposed changes and why these changes would be necessary.</p> <p>The Council is currently reviewing whether the Shareholder Committee is fit-for-purpose and fulfils the requirements of the Shareholder Agreement and will report, where necessary, any changes that may be required to Full Council. Such changes will include any proposals to change the manner in which ECTC is scrutinised.</p>			
<p>As ECTC is wholly owned by ECDC, ECTC is subjected to the controls and decision making process for matters that lay outside of the Business Plan.</p> <p>The speed of the decision making process may have an impact on ECTC's ability to operate effectively.</p>	<p>The Shareholder Agreement sets out the decision making abilities of the ECTC and ECDC. The Shareholder Agreement provides for the ability of extraordinary meetings of the Shareholder Committee to be called to consider urgent business and make recommendations to Full Council.</p> <p>In accordance with the Council's Constitution a Full Council meeting can be convened to deal with any urgent business.</p>	Likelihood Impact Risk	3 4 12	Director, Resources, ECDC
Economic				
<p>ECDC has provided a loan to ECTC of £5,000,000, to be drawn down in accordance with the loan agreement.</p> <p>If the Council's MTFS is not successfully implemented this will reduce the availability of loan finance to ECTC, thus undermining the cash flow and profitability.</p>	<p>The Director, Resources (ECDC) continuously monitors the MTFS to ensure the Council can 'make good' on its commitments. The MTFS takes into consideration Revenue Support Grant, the Treasury Management Strategy, ongoing efficiency savings and income generating services.</p> <p>The Director, Resources (ECDC) continues to monitor the performance of the MTFS.</p> <p>The Director, Resources (ECDC) will ensure the Council can make the advances to ECTC in accordance with the loan agreement, in the event that advances cannot be made the Director, Resources (ECDC) shall notify the Managing Director as soon as is practicably possible.</p>	Likelihood Impact Risk	3 4 12	Director, Resources (ECDC)

<p>ECTC cannot increase its indebtedness without the consent of the Council; it is likely that loans will be provided by the Council (subject to Full Council approval of the Business Case for the loan).</p> <p>If the Council's MTFS is not successfully implemented this will reduce availability of loan finance to ECTC. This means ECTC would need to borrow from the 'market' and as such will undermine ECTC's profitability and cash flow as the ECTC would not be able to benefit from the same terms and conditions of a loan agreement if it went to the market for such a loan.</p>	<p>This matter concerns the future of ECTC, however, effective business planning requires continuous consideration of financing in order to realise its success.</p> <p>In considering an application for a loan from the Council ECTC shall engage with the Director, Resources (ECDC) as early as practicably possible to enable the Council time to assess its financial position and make a decision as to whether such a loan could be provided.</p> <p>The Council shall make a decision on whether to provide ECTC with a loan as early as practicably possible; if it is not possible this will enable ECTC to consider alternative options for financing.</p> <p>All parties shall have regard to the Council's decision making processes.</p> <p>ECTC shall, wherever possible, adhere to the deadline requirements of the Council's Committee and Council meetings.</p>	Likelihood Impact Risk	3 4 12	<p>Director, Resources (ECDC)</p> <p>Managing Director</p> <p>Head of Property Development</p> <p>Director, Commercial (ECTC)</p>
<p>Changes in taxation, interest rates and build cost inflation could have an impact on the viability and profitability ECTC.</p>	<p>At present changes in taxation is not a known risk, however, ECTC should have regard to the impact of any such changes.</p> <p>Building cost inflation is the key risk; to minimise the impact of this contracts will be let with costs defined.</p> <p>The Director, Resources (ECDC), and where relevant the Head of Property Development will monitor changes and factor any changes in the business planning process.</p>	Likelihood Impact Risk	1 3 3	<p>Director, Resources (ECDC)</p> <p>Head of Property Development</p> <p>Director, Commercial Services (ECTC)</p>
<p>Economic downturn could result in less than anticipated (or even losses) assumed in the Business Plan</p>	<p>A full assessment of the market conditions will be carried out prior to any development commencing. In the event that an economic downturn occurs once a development has commenced the Head of Property Development will appraise the Managing Director of the situation.</p>	Likelihood Impact Risk	3 4 12	<p>Head of Property Development</p> <p>Managing Director</p>

	<p>The Managing Director shall inform the Council as soon as is practicably possible of any significant changes that may impact on the repayment of the loan.</p> <p>Where relevant the Managing Director shall present to the Council an amendment to the Business Plan or, if necessary, present an Exit Strategy, for approval.</p>			
<p>In order to prosper in a commercial environment, cash flow for the ECTC will be essential.</p> <p>Insufficient cash flow will result in ECTC being constrained in realising the objectives of the Business Plan.</p>	<p>ECTC shall through the annual review of the Business Plan ensure that sufficient provision is made to provide cash flow to achieve the aims of the Business Plan.</p> <p>Should opportunities arise that are outside of the scope of the Business Plan ECTC shall liaise with the Council and prepare a revised Business Plan, at the earliest opportunity, which will include identifying loan funding (to be approved by Council) that would enable commercial opportunities to be realised.</p>	Likelihood Impact Risk	3 4 12	<p>Managing Director</p> <p>Director, Resources (ECDC)</p>
Operational				
<p>ECTC will benefit from the Teckal Exemption so long as the 80/20 balance is maintained.</p> <p>Not keeping this balance will mean that services cannot be freely transferred to ECTC and will undermine the activities of the Commercial Services Division and will constrain the cash flow.</p>	<p>When bidding new contracts the Director, Commercial Services shall have regard to the control and function test of the Teckal Exemption.</p> <p>The balance of Teckal shall be reviewed and reported to the Shareholder Committee on a quarterly basis.</p> <p>In any event the balance of Teckal shall be reviewed prior to entering into any contract for Commercial Services that falls outside of the Council's administrative area.</p>	Likelihood Impact Risk	2 2 4	Director, Commercial Services (ECTC)
Inadequate cost controls on commercial build contracts can lead to delays, overspends and reduced profitability/cash flow for the company.	The Head of Property Development, in the business planning cycle, shall have regard to market conditions, build cost inflation and put in place a robust project management and cost control plan.	Likelihood Impact Risk	2 3 6	<p>Managing Director</p> <p>Head of Property Development</p>

This has the potential to undermine the ability to repay loans to the Council.				
Lack of community appetite for CLT development may undermine the targets set out in the Business Plan	<p>The Council has commenced the production of a New Local Plan. The policies within the local plan that relate to CLT development have been refined to encourage the delivery of CLT development.</p> <p>The Council has produced a draft Supplementary Planning Document which seeks to accelerate the delivery of Community-led Development.</p> <p>The Council and ECTC shall promote CLT development in a manner that complements CLT development in the District through policy and case study promotion.</p> <p>ECTC shall employ experts in CLTs to assist communities in delivering CLT developments.</p>	Likelihood Impact Risk	2 4 8	<p>Head of Property Development</p> <p>Director, Commercial (ECDC)</p>
Change and upheaval can, if not managed properly, impact on the quality of service delivery during a period of transition and post-change establishment.	<p>The level of resources required is identified in the Business Plan.</p> <p>The Council shall provide sufficient resources (costs of which are recoverable) to support ECTC until such time it is established as a new entity.</p>	Likelihood Impact Risk	1 3 3	<p>Managing Director</p> <p>Director, Commercial (ECDC)</p>
Not maintaining the services currently offered by the Council could lead to reputational damage for the Council.	<p>ECTC has entered into an Operations Management Agreement with the Council for the delivery of Market Services which set out the minimum requirements for service delivery, i.e. the minimum requiring the status quo.</p> <p>The Director, Commercial (ECDC) shall oversee the performance of this agreement and report, where necessary, concerns to the Shareholder Committee and make recommendations as to the course of action that is required.</p>	Likelihood Impact Risk	1 3 3	Director, Commercial Services

<p>The Property Division Business Plan is underpinned by the transfer of two sites from the Council to ECTC; the Vineyards and Barton Road.</p> <p>Non-transfer of these sites to ECTC for development will significantly undermine the Business Plan and constrain the growth of ECTC.</p>	<p>Planning permission has been approved (subject to the prior completion of a Section 106 Agreement) for Barton Road. The Head of Property Development has instructed solicitors to progress the land purchase.</p> <p>The Council has decided not to put The Vineyards forward as a development site.</p> <p>The Head of Property Development has secured a “subject to planning” agreement with the Council at The Shade, Soham which will adequately off-set the assumptions made in the business plan</p> <p>The Council’s decision to keep the Vineyards site as Public Open Space has triggered a necessity to consider other sites that are not owned by the Council. A programme of site acquisitions is being developed.</p>	<p>Likelihood Impact Risk</p>	<p>1 4 4</p>	<p>Managing Director</p> <p>Head of Property Development</p>
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TECKAL COMPLIANCE

The Shareholder Agreement requires ECTC to maintain compliance with the Teckal exemption.

In order to maintain compliance ECTC must carry out an essential part (80%) of its activities for the Council. Where 20% or more of the activities conducted in delivering contracts with bodies other than the Council, ECTC will no longer satisfy the Teckal exemption.

The calculation of the percentage of activities is determined by reference to ECTC's turnover for the 3 years preceding contract award, or business projections for turnover for the following 3 years if that data is not yet available.

ECTC's turnover for 2016/17 is projected to be approximately £488,000 (Commercial Services: £429,000 and £59,000 Property).

At the time of writing this half annual report 93% of the projected turnover will be compliant and as such ECTC is maintaining the requirement of the Shareholder Agreement.

Teckal compliance is identified as a corporate risk; non-compliance with Teckal will constrain the future cash flow of the company. The projected turnover for future years is identified in the following table:

Year	Total Turnover (£)	Compliant Turnover (£)	Non-Compliant Turnover (£)
2017/18	6,389,750	436,000	5,953,750
2018/19	11,441,000	406,000	11,035,000

As demonstrated in the table above ECTC will not be able to maintain Teckal compliance in 2017/18 and 2018/19. ECTC must now give consideration to the options available to overcome this matter. Solutions will be identified by the Director, Commercial and reported to the Board of Directors in the near future for consideration and approval.

BUDGET REPORT

EAST CAMBRIDGESHIRE TRADING COMPANY TO 31ST AUGUST 2016						
Revenue	Total Budget	Profiled Budget to 31 August 2016	Actual to 31 August 2016	Variance to date	Projected Outturn	Variance between Total Budget & Projected
	£	£	£	£	£	£
Corporate						
Salaries	12,000	4,999	19,548	14,549	20,071	8,071
Premises Costs	15,000	12,083	995	-11,088	15,000	0
Supplies and Services	118,844	61,593	25,702	-35,891	118,844	0
Interest payable on ECDC Loan	27,000	5,192	2,519	-2,673	27,000	0
	172,844	83,867	48,764	-35,103	180,915	8,071
Markets						
Salaries for Seconded Staff	83,549	31,103	37,754	6,651	83,549	0
Premises Costs	16,930	27,348	18,255	-9,093	16,930	0
Vehicle Costs	2,096	1,307	1,219	-88	2,096	0
Supplies and Services	10,548	9,416	30,953	21,538	10,548	0
Income	-191,255	-79,677	-79,624	53	-191,255	0
	-78,132	-10,502	8,558	19,060	-78,132	0
Open Spaces - Commercial						
Costs	0	0	172	172	34,696	34,696
Income	0	0	-10,145	-10,145	-24,347	-24,347
	0	0	-9,973	-9,973	10,349	10,349
Palace Green Housing						
Salaries	279,781	116,557	27,700	-88,856	279,781	0
Supplies and Services Costs-Kennett	225,555	0	77,594	77,594	225,555	0
Supplies and Services Costs-Soham	41,663	0	7,237	7,237	41,663	0
Supplies and Services Costs-Barton Road	106,000	0	1,658	1,658	106,000	0
Supplies and Services Costs-Other	289,982	66,239	27,704	-38,535	289,982	0
Income	-58,800	-24,496	-18,500	5,996	-58,800	0
	884,181	158,300	123,393	-34,907	884,181	0
Community Land Trusts						
Salaries	0	0	8,748	8,748	3,645	3,645
Supplies and Service Costs	0	0	12,100	12,100	5,042	5,042
Income	0	0	-3,068	-3,068	-1,278	-1,278
	0	0	17,780	17,780	7,408	7,408
Revenue Total	978,893	231,665	188,523	-43,141	1,004,722	25,829
Loan Funding						
Loan From East Cambs District Council	-978,893	-231,665	-188,523	43,141	-1,004,722	-25,829
Net Cash Position	0	0	0	0	0	0

COMMERCIAL SERVICES

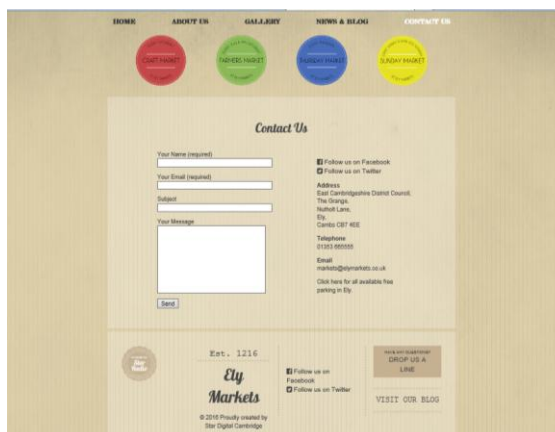
Ely Markets

ECTC operates Ely Markets on behalf of ECDC. This has been secured by way of a three year Operations Management Contract. This element of the business is expected to generate a profit of £66,000 (before interest and tax) in 2016/17.

What has been achieved since 1 April 2016?

Ely Markets has:

- Launched a new brand and website



- Increased profit levels (£2,000 up compared to the first quarter of 2015/16).
- Strengthened the relationship with Market Traders
- Developed an action plan for service improvements in 2016/17 and beyond

What's next for Ely Markets?

- Electrical infrastructure improvements on the Market Place

The current provision of electrical points for Traders is sub-standard which constrains the ability for diversification of the market. There is a growing trend for food traders on the market and this is demonstrated by the increasing success of the Farmers Market and the recent Continental Market. The nature of these stalls requires a “hook-up” to electrical points. Whilst there is provision on the Market Square, it is in need of upgrade and improvement. Ely Markets has commissioned a survey to establish what improvements need to be made and where new points could be safely installed.

- Exploring the continued success of the Ely Markets

Ely Markets is in the process of reviewing the current market offer and how the market can continue to grow and prosper. The review will explore current market trends across the country and identify if there are any areas that Ely Markets should be capitalising on.

Ely Markets is currently working with an independent PR consultant, Alex Higgs.

Having Alex on board has meant that Ely Markets is able to use social media platforms more effectively to publicise the market and up and coming events. For example the 'Vegan Fair' event on Facebook has 531 people interested, 167 attending and has been shared by 93 people generating interest far and wide.

Ely Markets has editorials coming up next month in publications such as Vegan Life, Spotted in Ely, Cambridge News, Ely Eye, Velvet Magazine, Cambridge Edition and several others in the pipeline including a visit from Food Bloggers. These editorials are all promoting the markets and Ely as a real 'Foodie' destination and helping to spread the brand in a positive light, attracting new traders and hopefully new visitors to Ely.

The success of events, like the 'Vegan Fair', will not only be financially beneficial to ECTC but will also increase the vibrancy and vitality of the City Centre.

- Marketing Strategy

Ely Markets will develop a marketing strategy that will focus on increasing footfall from outside of the District. The marketing strategy will focus on the use of targeted social media and blogs to raise awareness of Ely Markets. This has two benefits; low cost and wider reaching. This will allow Ely Markets to maximise its approved marketing budget.

- Sources of Income

Ely Markets is exploring sources of income that extend beyond operating Ely Markets. At present it is carrying out soft market testing as to whether purchasing stalls for hire would generate a moderate return for ECTC. The purchase of additional stalls for hire will also enable Ely Markets to expand the footprint of the Market without a detrimental impact to the budget.

Grounds Maintenance

ECTC has been successful in gaining small tenders for Grounds Maintenance in and around East Cambridgeshire.

ECTC has yet to enter into a formal agreement with ECDC to deliver the Sanctuary Grounds Maintenance Contract. The Council is in the process of obtaining the necessary consents, from Sanctuary Housing, that enable the Council to contract with a third party to deliver the maintenance contract.

Once the Operations Management Contract is agreed this element of the business is expected to generate a profit of £47,000 (before interest and tax) in 2016/17.

PROPERTY DEVELOPMENT

Activities

The company has been established to operate in the local property market, with three main services delivered to give a financial return.

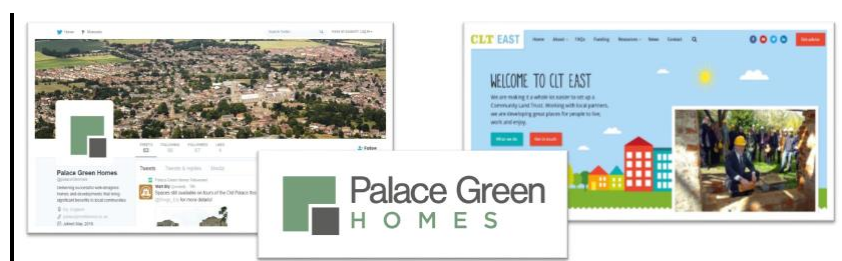
1. The Company is providing Development Consultancy services to the Council, identifying new development opportunities from within the Council Asset Register, preparing feasibility studies and managing planning applications to enhance commercial viability and add significant value to the property portfolio.
2. Through the 'Palace Green Homes' brand, the Company is also acting as lead Developer on Council and non-council owned land to deliver high quality residential development of all tenures. Some projects may be run in partnership with a local CLT but, equally, there are others that will be standalone market driven developments. Completed new homes will be sold on the open market or, in the case of affordable homes, transferred to an appropriate CLT at the best price obtainable.
3. The Company is growing the CLT market by providing early stage expert support services to local communities that wish to establish a new Community Land Trust. Support is provided through the company's 'CLT East' brand and includes assistance with project scoping, legal incorporation and site identification. This initial work is a necessary 'loss leader' to bring the CLT to the point where it can enter into a formal partnership arrangement with the Company to deliver a new CLT development project.

What has been achieved since Apr 2016?

The company has developed a new brand for its property development activities. Palace Green Homes has been trademarked, a logo designed, and an online presence has been created through website, Facebook and Twitter pages. Promotional materials such as company brochures, newsletters etc are being used to develop the identity of Palace Green Homes within the marketplace.

The brand identity helps to identify a unique development company with an ethos that is firmly rooted in community-led development, with communities engaged at each stage of the design and planning process to help deliver high quality, well designed developments that genuinely benefit local people for years to come.

We have also acquired the CLT East brand and website and are developing this as a web portal that provides inspiration and information for those thinking about setting up a CLT, or already running one. CLT East is already recognised at a local, regional and national level as the go-to place for expertise on CLTs.



Staffing and operations

The company now has 5 staff members (4 full time and 1 part time), working as a closely knit team of experienced professionals delivering the services outlined above. The team operate from independent offices at The Grange.

Performance against the Business Plan

The first business plan set out the following objectives for year 1 and good progress has been made against each of these.

Objective	Progress
Secure planning permission on council owned land at Barton Road and The Vineyards.	Planning permission has been approved subject to a s.106 at Barton Road. The Council elected to withdraw the planning application for The Vineyards
Commence development of these two sites completing 12 new homes by the end of year 2.	Construction of the project at Barton Road (11 homes) is due to commence in Q4 of year 1.
Identify new development opportunities from Council owned property and promote these through the planning process on behalf of the Council.	Land has been identified for a development of 13 homes on council owned land at Soham and a planning application is to be submitted by Palace Green Homes in October 2016.
Provide early-stage specialist skills to establish further Community Land Trusts in the District by end of year 1.	New CLTs have been established in Haddenham, Fordham and Kennett.
Progress new CLT projects to deliver at least 50 new homes by the end of year 3	Sites have been identified and are close to being secured in Haddenham and Fordham. Along with the project in Soham, these sites will deliver around 90 homes as CLT projects by the end of year 3.
Develop a pipeline of future development projects that will deliver at least 200 new homes across the District by end of year 5	Other sites have been identified and are close to being secured that will deliver 125 homes by the end of year 4. Further sites are expected to become available before the end of the first year of trading that will allow the company to achieve this target.