

EAST CAMBS TRADING COMPANY LIMITED

**ANNUAL BUSINESS PLAN**

Emma Grima Director

**East Cambs  
Trading CO. Ltd**

**2017/18**

## **MISSION STATEMENT**

As set out in the 'Commercial Opportunities Plan' East Cambs Trading Company Limited is committed to assist East Cambridgeshire District Council to:

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

To achieve this commitment East Cambs Trading Company will:

- Offer consultancy services to others
- Bid and win external contract
- Make our services more profitable
- Build our reputation
- Make a case to operate Council Services
- Build more homes

As set out in the Business Plan December 2015 we will continue to:

- Provide a high quality service to all its customers
- Work with our customers to create services that are needed and fit-for-purpose
- Develop innovative models that champion quality
- Inspire staff to do the best work of their lives, and
- Harness community experience and local knowledge to deliver successful well-designed property developments which bring significant community benefit, are right for their place and respond to the needs of the local market.

We believe that by continuing to develop the services that we offer we will be able to deliver services that are profitable, sustainable, flexible and focused on meeting the needs of local people and businesses in East Cambridgeshire.

## **VISION**

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. East Cambs Trading Company Limited will continue to support the Council in achieving these objectives.

## **VALUES**

Strategic Objectives

- To maximise on every commercial opportunity available, and
- To trade in a manner that, wherever possible, acts in the best interest of the Council.

Our Services will be:

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

## 1. EXECUTIVE SUMMARY

### 1.1 Purpose

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

- Commercial Opportunities Plan
- Governance structure of ECTC
- Financial overview of ECTC
- Commercial Services & Property Division Business Plan,
- Board and management structures, and
- Risk Management Plan

East Cambs Trading Company (ECTC) is a Local Authority Trading Company limited by shares and East Cambridgeshire District Council (ECDC) is the sole shareholder. Initially ECTC was established to maximise asset return, increase the delivery of CLT development, deliver Commercial Services and provide consultancy advice to both the public and private sector.

### 1.2 Drivers

The two main drivers for the establishment of ECTC were:

- To meet the objectives of the Medium Term Financial Strategy 2015/16-2019/20, and
- To meet the objectives of the Corporate Plan 2015-2019.

Working with ECDC the following drivers have been established to grow the business:

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

### 1.3 Income and Expenditure of ECTC

The table below gives an indicative summary of income and expenditure up to 2020/21

	2016/17	2017/18	2018/19	2019/20	2020/21
<b>INCOME</b>					
Commercial	191,255	980,428	3,763,325	3,763,325	3,763,325
Property	72,200	2,850,000	8,447,750	10,103,000	10,782,000
<b>Total</b>	<b>263,455</b>	<b>3,830,428</b>	<b>12,211,075</b>	<b>13,866,325</b>	<b>14,545,325</b>
<b>EXPENDITURE</b>					
Corporate	172,844	352,000	382,000	241,000	206,000
Commercial	145,742	905,173	3,614,260	3,614,260	3,614,260
Property	1,230,525	5,937,099	6,866,369	8,918,284	4,388,384
<b>Total</b>	<b>1,549,111</b>	<b>7,194,272</b>	<b>10,862,629</b>	<b>12,773,544</b>	<b>8,208,644</b>
(Surplus*) / Loss	1,285,656	3,363,844	(1,348,446)	(1,092,781)	(6,336,681)

\*Profit is subject to Corporation Tax

## **2. INTRODUCTION**

### **2.1 Background**

ECTC has been established 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, it is important to remember that it is a company that is wholly owned by ECDC, i.e. what is good for ECTC is good for ECDC and vice versa.

As the sole shareholder ECDC has an interest to ensure, wherever practicably possible, that ECTC is profitable. Profit for ECTC will ultimately benefit the Council as sole shareholder. Profit will either be reinvested in ECTC to achieve greater profits or will be paid to ECDC, as a dividend, to enable it to achieve the aims of the MTFs and the Corporate Plan 2015-2019.

### **2.2 Strategic Fit**

In order to promote a shared vision for ECTC and ECDC a 'Commercial Opportunities Plan' (Appendix 1) has been developed. This plan acts as a commitment from ECTC to ECDC.

It is important to note that the aims of the shared vision cannot be achieved if both parties do not work co-operatively to achieve the aims and this will have a significant impact on the operational and financial assumptions that have been made.

Since April 2016 ECTC has focused on developing three areas:

- Ely Markets
- Property Development
- Community Land Trusts

The Commercial Opportunities Plan provides the foundations for business growth.

### **THE SHARED VISION**

#### **- Balance the budget**

ECDC has a balanced budget until 2018/19. ECTC will, wherever possible, work with ECDC to assist in the delivery of a balanced budget beyond 2018/19.

ECTC can assist ECDC in working towards a balanced budget in two key areas; delivering the Council's commercial services and generating enough profits to pay a dividend to ECDC.

#### **- Improve services**

ECDC has a challenge to continue to deliver services to the community with reduced public funding. Despite reduced public funding the community expectations continue to grow and the Council must find a balance to manage this delivery and expectation.

In order to overcome this ECDC must look at the services that it offers (for example, waste services & open spaces).

ECTC can assist ECDC to achieve this balance by finding new opportunities for services that generate income and can provide opportunities to do more.

- **Build new homes**

ECTC will harness community experience and local knowledge to deliver successful well-designed property developments which bring significant community benefit, are right for their place and respond to the needs of the local market.

- **Maximise devolution opportunities**

ECTC will work with ECDC to maximise every available opportunity that may arise from being a member of the Combined Authority. For example, CLT consultancy services and CLT development opportunities.

- **Be 'Open for Business' and 'Can do'**

ECDC and ECTC have a shared vision of being positive and proactive in responding to the needs of the community of East Cambridgeshire and beyond.

## **ECTC COMMITMENT**

- **Offering consultancy services to others**

ECDC has a very talented and knowledgeable work force. Through ECTC this talent and knowledge can be capitalised by creating a package that can be sold to both the public and private sector.

ECTC will work with ECDC to maximise opportunities through devolution, particularly on CLT consultancy services which could lead to other development opportunities. ECTC are in a unique position where they have the knowledge and expertise to deliver a service to other local authorities both on a consultancy basis and on a delivery basis.

ECTC can expand the geographical footprint of the CLT East Cambridgeshire CLT so that other CLTs within the Combined Authority area can be part of the delivery programme.

- **Bid and win external contracts**

ECTC is able to bid for contracts outside of ECDC's administrative boundary and generate a profitable return. ECTC will continue to focus on developing this area of the business.

- **Make our services more profitable**

ECTC is able to generate a profit for the services that it provides. ECTC has the flexibility that it needs to ensure that a quality service is provided at a cost that will generate a profitable return. Services delivered through ECTC can be provided in areas outside of ECDC's administrative boundary and can achieve a profit.

- **Build our reputation**

ECTC is a new company and needs time to build a good reputation; to date ECTC has a good reputation and this is mainly accredited to the dedication of the existing staff that work hard to promote ECTC as a company to do business with.

ECTC is currently benefiting from being a company that is wholly owned by ECDC; this is a trusted brand. In partnership with ECDC, ECTC will continue to build this brand and ensure that both organisations are seen as a true partnership with a shared goal of providing quality services to the communities they serve.

## - **Make a case to operate Council Services**

ECTC will develop individual business cases which will set out the benefits of ECTC managing and operating Council services. ECTC has already proven, through the Markets Service, that transferring a service can generate more profit, empower staff to be more commercial and increase the offer to the community. ECTC will take this model and apply it to other Council services.

Each business case will assess the risks and rewards of ECTC managing the individual service. The fundamental reason for running services on behalf of the Council will be because it will enable ECTC to do more once a service is transferred to it. For example, the Open Space Service will provide ECDC with the economies of scale needed to deliver a meaningful service and maximise profit return from the very beginning.

During the implementation stage of setting up ECTC, statements were made that ECTC would only consider ECDC services that were making a profit. This is no longer the case so long as a case can be made whereby ECTC can demonstrate that running the service on behalf of the Council meets one or more of the objectives set out in this strategy.

## - **Build more homes**

ECTC, through its trading brand Palace Green Homes (PGH), will build out quality new homes for all sectors of the market.

PGH will have a focus on delivering Community Led Housing Schemes and will maximise opportunities that arise through devolution.

## **2.3 Commercial Services**

### **2.3.1 Ely Markets**

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

The main objectives of the service are:

- Run a profitable Market; Thursday, Saturday, Farmers and Additional
- Provide a focal point for the community
- Increase the vibrancy of the city centre
- Promote employment
- Provide a choice for the community
- Be a stepping stone for small businesses

The following table provides a summary of cost and income for 2017/18.

Salaries	£86,890
Premises	£67,607
Vehicle	£2,179
Supplies & Services	£20,969
<b>Total</b>	<b>£177,645</b>
Income	£195,000
<b>Net</b>	<b>£17,355</b>

### 2.3.2 Grounds Maintenance

ECTC currently delivers grounds maintenance services to a number of different clients utilising ECDC staff, plant and machinery to fulfil its contracts.

The main objectives of the service are:

- Income generation
- Maintain a quality environment, and
- Enhance the reputation of the Council

The following table provides a summary of cost and income for 2017/18

Salaries	£536,862
Premises	£58,072
Transport	£88,732
Supplies & Services	£43,862
<b>Total</b>	<b>£727,527</b>
Income	£785,428
<b>Net</b>	<b>£57,901</b>

### 2.3.3 Waste Management Service

The Board approved the proposal to deliver the Council's Waste Service with effect from 1 April 2018.

There is no planned income and expenditure for 2017/18.

### 2.3.4 Cumulative Budget 2017/18

	<b>Cost</b>	<b>Income</b>	<b>Net</b>
Ely Markets	£177,645	£195,000	£17,355
Grounds Maintenance	£727,527	£785,428	£57,901
<b>Total</b>	<b>£905,172</b>	<b>£980,428</b>	<b>£75,256</b>

The full business plan for the Commercial Services Division is provided at Appendix 2.

## 2.4 Property Division

CLT East and Palace Green Homes harness community experience and local knowledge to accelerate Community Land Trust activity, and delivery successful, well-designed homes and developments and reinvest the profits we make back into District Council services and local infrastructure. This, in turn, directly benefits local people.

The following table provides a summary of costs and income for 2017/18

Salaries	£487,252
Supplies & Services	£5,449,847
<b>Total</b>	<b>£5,937,099</b>
Income	£2,850,000
<b>Net</b>	<b>-£3,087,099</b>

The full business plan for the Property Division is provided at Appendix 3.

## 2.5 Other opportunities

ECTC will continually look for new opportunities to enter new markets or expand in existing markets. Over the course of the year ECTC will seek to do more business in the following areas:

- CIL and S106
- Housing and Homelessness
- Events Management
- CLT
- LATC consultancy advice
- Opportunities arising from devolution
- Building more homes

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

## 2.6 Company Structure

ECTC is currently exploring the current structure of the company as a whole. This review is driven by the following factors:

- Maintaining its requirement to be a Teckal company,
- The desire to facilitate a dividend payment to the Council
- Maximise devolution opportunities
- Ability to enter into partnerships to deliver more housing growth

Proposals will be presented to the board and Council as soon as is practicably possible.



## 2.7 ECTC Budget Overview 2017/18

<b>INCOME</b>	<b>2017/18</b>
CLT	£30,000
CLT Consultancy- Other	£55,000
Palace Green Consultancy	£170,000
Private Sales	£1,980,000
Affordable Housing	£615,000
Markets	£195,000
Parks & Open Spaces	£785,248
<b>Total</b>	<b>£3,830,428</b>
<b>SUPPLIES</b>	
<b>Premises</b>	
Corporate	£40,000
Markets	£67,607
Parks & Open Spaces	£58,072
<b>Transport</b>	
Markets	£2,179
Parks & Open Spaces	£88,732
<b>Services &amp; Supplies</b>	
Corporate	£154,000
Corporate Interest	£146,000
CLT	£23,250
Palace Green Housing	£5,426,597
Markets	£20,969
Parks & Open Spaces	£43,862
Salaries	
Corporate	£12,000
CLT	£164,300
Palace Green Housing	£322,952
Markets	£86,890
Parks & Open Spaces	£536,862
<b>Total</b>	<b>£7,194,272</b>
<b>Net</b>	<b>-£3,363,844</b>

### **3.0 PROCESS**

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 as a whole and each division of ECDC. 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 2017/18 include:

- HR Support, including recruitment and training,
- Payroll
- Customer Services- Phone answering service and taking telephone payments,
- Insurance provision (building, vehicles, employers and public liability),
- Legal Support- as and when required
- Finance- Scope to be defined

ECTC will investigate how the following services will be delivered by another source:

- Finance- Scope to be defined
- IT

### **3.1 Property and Assets**

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

#### **3.1.1 Commercial Services Division**

Ely Markets currently occupy The Grange, Ely and will continue to do so until such time more suitable accommodation is identified.

Parks & Open Spaces occupy The Grange, Ely and The Depot at Portley Hill, Littleport and will continue to do so.

Reasonable rents will be paid to ECDC.

#### **3.1.2 Property Division**

The Property Division occupy The Grange, Ely and will continue to do so until such time more suitable accommodation is identified.

### **3.2 Policies and Procedures**

ECTC continue to use all relevant ECDC policies and procedures.

### **3.3 Data Protection**

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

### **3.4 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 requests and provide such information to ECDC as it may require to answer requests it has received.

## **4.0 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 ECDCs reputation and brand for high standards.

ECTC continues to maintain an effective service and delivers a financial performance management reporting systems to the Board and ECDC Shareholder Committee.

This Business Plan provides for sufficient support and leadership from Non-Executive Directors, a Managing Director and an Independent Chairman.

### **4.1 Structure**

#### **4.1.1 Board of Directors**

The Board of Directors comprises:

- The Independent Chairman
- 2 ECDC Elected Members; the Leader of Council and the Deputy Leader of Council, and
- 2 ECDC Senior Officers; the Chief Executive and the Director, Commercial

The quorum for board meetings shall be three.

At board meeting each director shall have one vote.

Board meetings shall be held at least quarterly on such dates as 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 business days prior to the meeting.

Except where the information is commercially sensitive, minutes of Board meetings will be provided to the Shareholder Committee for noting.

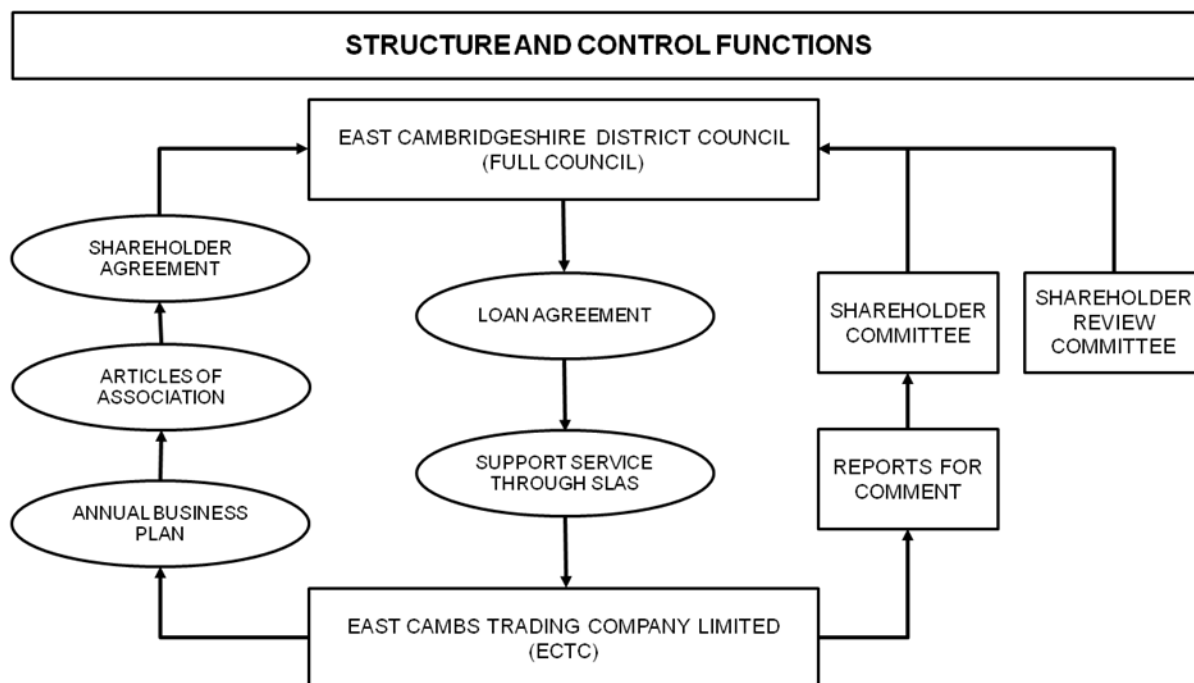
It is proposed that any changes to the company structure will include the same governance arrangements that are currently in place. These will be secured by the relevant shareholder agreement(s).

#### **4.1.2 Managing Director and Company Secretary**

The Managing Director of ECTC 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 ECTC is [to be updated]

## 4.2 ECTC's relationship with ECDC



<b>ROLES AND RESPONSIBILITIES</b>			
<p style="text-align: center;"><b>ECTC</b></p> <p><b>Annual Business Plan</b></p> <ul style="list-style-type: none"> <li>- Produced for comment to Shareholder Committee (Dec)</li> <li>- Consider comments from Shareholder Committee and amend if appropriate</li> <li>- Final draft for information to Shareholder Committee (January)</li> <li>- Produced for approval by Full Council (Feb)</li> </ul> <p><b>Quarterly Update</b></p> <p>To Shareholder Committee for information a report that provides the following information:</p> <ul style="list-style-type: none"> <li>- Services provided by ECTC with quality performance matched against contractually agreed service levels</li> <li>- Progress against the Business Plan &amp; financial projections</li> <li>- Management accounts and key financial metrics</li> <li>- Review of future service developments &amp; opportunities</li> <li>- Information and assessment of any additional ad hoc requests</li> </ul>	<p style="text-align: center;"><b>SHAREHOLDER COMMITTEE</b></p> <p>The role is not operational and does not have powers to make decisions on behalf of the Council or ECTC.</p> <p><b>Annual Business Plan</b></p> <ul style="list-style-type: none"> <li>- Receive and comment on draft Annual Business Plan (Dec)</li> <li>- Receive and note Annual Business Plan (Jan)</li> </ul> <p><b>Quarterly Update</b></p> <p>Receive quarterly update for noting</p> <p><b>ECTC Chairman</b></p> <p>Recommend to Full Council, where relevant, the appointment of the Chairman of the Board</p> <p><b>ECTC Board</b></p> <p>Recommend to Full Council, where relevant, the constitution of the Board of Directors</p> <p><b>Shares</b></p> <p>Make recommendations to Full Council on how it should exercise the functions flowing from its ownership of shares</p>	<p style="text-align: center;"><b>SHAREHOLDER REVIEW COMMITTEE</b></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"> <li>- The progress and effectiveness of the current Shareholder Committee</li> <li>- Overall governance and constitutional issues relating to the Shareholder Committee</li> <li>- Other potential options/arrangements for a Shareholder Committee of the Council that is able to effectively monitor and scrutinise ECTC</li> </ul> <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 style="text-align: center;"><b>FULL COUNCIL</b></p> <p><b>Decisions reserved for Full Council:</b></p> <ul style="list-style-type: none"> <li>- Matters relating to the control of shares</li> <li>- Amendments to Articles of Association</li> <li>- Matters relating to the payment of a dividend</li> <li>- Matters relating to the company structure of ECTC</li> <li>- Matters relating to the cessation of ECTC</li> <li>- Matters relating to the business if it is not considered to be ancillary or incidental to the approved business</li> <li>- Appointment/removal of a Director</li> <li>- Remuneration of any Director</li> <li>- Entering into a service contract, terms of appointment or other agreement with a Director</li> <li>- Remuneration of any ECTC employee exceeding £100,000</li> <li>- Establishing or amending any profit-sharing, share option, bonus or other incentives of any nature for Directors and employees</li> <li>- Making any bonus payment to any Director or key employee</li> <li>- Borrowing any monies (other than normal trade credit)</li> <li>- Changing the name or registered office</li> <li>- Approval to the annual business plan</li> </ul>

## **5.0 FINANCIAL**

### **5.1 Methodology**

The projected income and expenditure provides a consolidation of the financial information provided in the Commercial Services Business Plan (Appendix 2), the Property Business Plan (Appendix 3) and the costs associated with operating ECTC.

There is potential for additional income and expenditure through both the Commercial Services Division and the Property Division. Realisation of such activities will be identified throughout the year and may be subject to a Business Plan to be approved by the Board.

### **5.2 Financial Assumptions**

ECTC projected costs and income is provided at Appendix 4.

## 6.0 RISK MANAGEMENT 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</p> <p>Impact</p> <p>Risk</p>	<p>1</p> <p>5</p> <p>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</p> <p>Impact</p> <p>Risk</p>	<p>3</p> <p>4</p> <p>12</p>	<p>Board of Directors</p> <p>Section 151 Officer &amp; Director Commercial (ECDC)</p>

<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>	<p>Officers are aware of changes to the Housing and Planning policies that are proposed in 2017. The Government White Paper is being carefully considered. 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>	<p>Likelihood Impact Risk</p>	<p>3 2 6</p>	<p>Head of Property Development</p>
<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 is in the process of developing a New Local Plan which has just finished its first round of public consultation. 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>	<p>Likelihood Impact Risk</p>	<p>2 4 8</p>	<p>Director, Commercial Services</p> <p>Head of Property Development</p>
<p><b>Governance</b></p>				
<p>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>	<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>Likelihood Impact Risk</p>	<p>3 4 12</p>	<p>Managing Director</p> <p>Director, Operations, ECDC</p>



	<p>Any changes to the Shareholder Agreement will need to be approved by 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>	<p>Likelihood Impact Risk</p>	<p>3 4 12</p>	<p>Managing Director</p>
<b>Economic</b>				
<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 Section 151 Officer 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 Section 151 Officer continues to monitor the performance of the MTFS.</p> <p>The Section 151 Officer 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 Section 151 Officer shall notify the Managing Director as soon as is practicably possible.</p>	<p>Likelihood Impact Risk</p>	<p>3 4 12</p>	<p>Section 151 Officer</p>

<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 Section 151 Officer 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>	<p>Likelihood Impact Risk</p>	<p>3 4 12</p>	<p>Section 151 Officer</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>	<p>Likelihood Impact Risk</p>	<p>1 3 3</p>	<p>Section 151 Officer</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>	<p>Likelihood Impact Risk</p>	<p>3 4 12</p>	<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>	<p>Likelihood Impact Risk</p>	<p>3 4 12</p>	<p>Managing Director  Section 151 Officer</p>
<b>Operational</b>				
<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.</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> <p>Urgent action must be taken in 2017/18 to address the Teckal Balance. A business plan will be produced by the Commercial Director as soon as is practicable in 2017/18.</p>	<p>Likelihood Impact Risk</p>	<p>2 2 4</p>	<p>Director, Commercial Services (ECTC)</p>
<p>Inadequate cost controls on commercial build contracts can lead to delays, overspends and</p>	<p>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.</p>	<p>Likelihood Impact Risk</p>	<p>2 3 6</p>	<p>Managing Director</p>

<p>reduced profitability/cash flow for the company.</p> <p>This has the potential to undermine the ability to repay loans to the Council.</p>				Head of Property Development
<p>Lack of community appetite for CLT development may undermine the targets set out in the Business Plan</p>	<p>The Council is producing 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>	<p>Likelihood Impact Risk</p>	<p>2 4 8</p>	<p>Head of Property Development</p> <p>Director, Commercial (ECDC)</p>
<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>	<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.</p>	<p>Likelihood Impact Risk</p>	<p>1 3 3</p>	<p>Managing Director</p> <p>Director, Commercial (ECDC)</p>
<p>Not maintaining the services currently offered by the Council could lead to reputational damage for the Council.</p>	<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>	<p>Likelihood Impact Risk</p>	<p>1 3 3</p>	<p>Director, Commercial Services</p>

	Action is required to extend the term of the Operation Management Contract. Priority for 2017/18.			
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