

East Cambs Trading Ltd

ANNUAL REPORT

15 JUNE 2017

EMMA GRIMA
COMMERCIAL DIRECTOR

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ANNUAL 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.

In 2016/17 ECTC and ECDC worked together to create a 'Shared Vision'. This shared vision will enable both organisations to achieve their strategic objectives and is a key component of the ECTC Annual Business Plan 2017/18.

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.

ECTC has two divisions; Commercial Services and Property Development.

1.1 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.
- Ernst and Young have been appointed as the external auditors.
- 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 Company Secretary is the Director, Commercial of the Council.

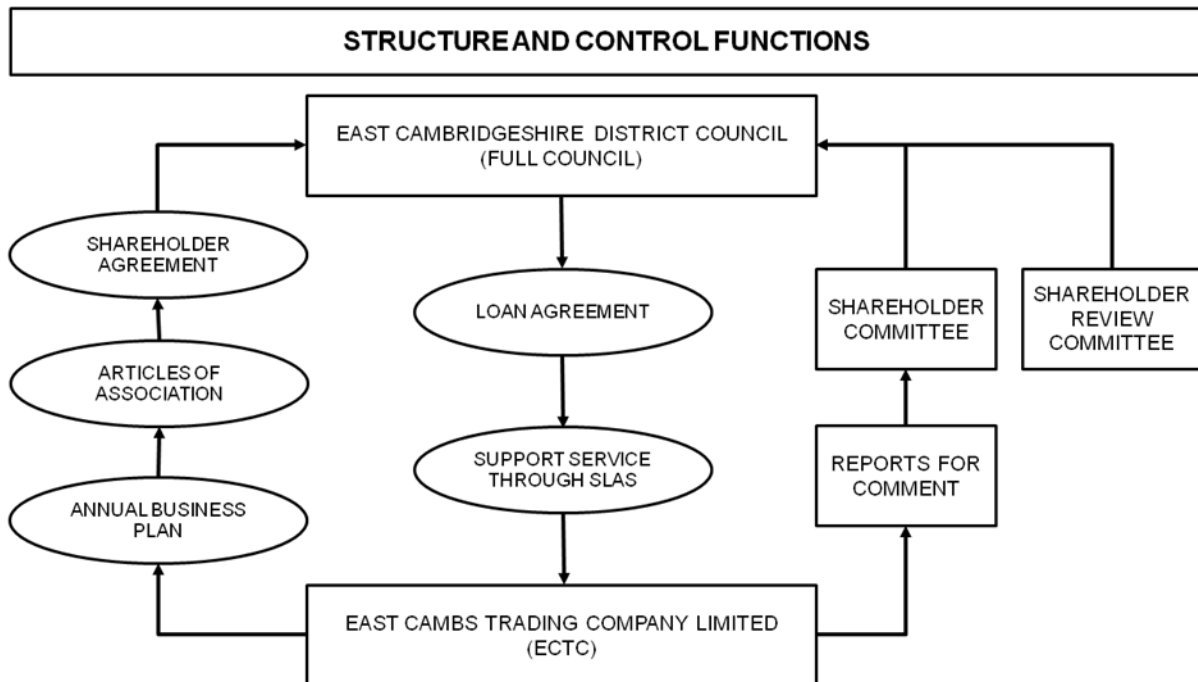
All members of the Board of Directors are required to disclose any interest which might be considered to conflict with the company, particularly any potential conflicts with contracts for the company.

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

1.2 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>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, this will be kept under continuous review now that Article 50 has 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 & Director Commercial (ECDC)</p>
<p>Changes in Planning and Housing Policies could have an impact of the Property Division, for example,</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</p>	<p>Likelihood</p> <p>Impact</p> <p>Risk</p>	<p>3</p> <p>2</p> <p>6</p>	<p>Head of Property Development</p>

<p>changes to Affordable Housing, Starter Homes, and Self-build could impact the profitability of a particular development.</p>	<p>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>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>Governance</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>Any changes to the Shareholder Agreement will need to be approved by the Council. The Managing Director will provide a report to the Council</p>	<p>Likelihood Impact Risk</p>	<p>3 4 12</p>	<p>Managing Director</p> <p>Director, Operations, ECTC</p>

	<p>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	Managing Director
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 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>	Likelihood Impact Risk	3 4 12	Section 151 Officer
ECTC cannot increase its	This matter concerns the future of ECTC, however, effective business	Likelihood	3	Section 151

<p>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>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>Impact Risk</p>	<p>4 12</p>	<p>Officer Managing Director Head of Property Development 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 Finance Team (E CDC), 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 Head of Property Development 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>The Managing Director shall inform the Council as soon as is practicably possible of any significant changes that may impact on the repayment of</p>	<p>Likelihood Impact Risk</p>	<p>3 4 12</p>	<p>Head of Property Development Managing Director</p>

	<p>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</p> <p>Section 151 Officer</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.</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 reduced profitability/cash flow for the company.</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>Head of Property Development</p>

<p>This has the potential to undermine the ability to repay loans to the Council.</p>				
<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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1.3 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 was £294,126 (Commercial Services: £235,726 and £58,400 Property).

At the time of writing this annual report 89.48% of the turnover is 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 2017/18 is provided in the table below:

	Projected Turnover	Compliant Turnover	Non Compliant Turnover
CLT	30,000	30,000	0
CLT Consultancy - Other	55,000	0	55,000
Palace Green Consultancy	170,000	60,000	110,000
Private sales	1,980,000	0	1,980,000
Affordable housing	615,000	0	615,000
Markets	195,000	195,000	0
Parks & Open Spaces	785,428	699,548	85,880
Total Income	3,830,428	984,548	2,845,880

Compliant Turnover equates to 25.70% of the total turnover.

As demonstrated in the table above ECTC will not be able to maintain Teckal compliance in 2017/18 which will prevent ECTC from being able to manage the Council's Waste Services from 1 April 2018. In order to overcome this issue it is proposed the company structure is altered. The Commercial Director has engaged Trowers and Hamblins and Grant Thornton to bring forward options to overcome future Teckal compliance matters

1.4 BUDGET REPORT

EAST CAMBRIDGESHIRE TRADING COMPANY TO 31ST MARCH 2017

Revenue	Total Budget £	Actual to 31st March 2017 £	Variance £
Corporate			
Salaries	20,000	17,787	-2,213
Premises Costs	5,000	83	-4,917
Supplies and Services	120,844	106,141	-14,703
Interest payable on ECDC Loan	27,000	23,262	-3,738
	172,844	147,273	-25,571
Markets			
Salaries for Seconded Staff	83,549	103,232	19,683
Premises Costs	16,930	20,236	3,306
Vehicle Costs	2,096	1,739	-357
Supplies and Services	10,548	38,417	27,869
Income	-191,255	-185,745	5,510
	-78,132	-22,121	56,011
Open Spaces - Commercial			
Costs	0	34,811	34,811
Income	0	-49,981	-49,981
	0	-15,171	-15,171
Palace Green Housing including Community Land Trusts			
Salaries	279,781	270,960	-8,821
Supplies and Services Costs - Kennett	491,964	401,778	-90,186
Supplies and Services Costs - Soham	41,663	36,535	-5,128
Supplies and Services Costs - Barton Road	106,000	131,564	25,564
Supplies and Services Costs - Haddenham	0	53,765	53,765
Supplies and Services Costs - Other	289,982	113,865	-176,117
Supplies and Services Costs - Ely & Littleport	0	2,190	2,190
Income	-58,800	-58,400	400
	1,150,590	952,258	-198,332
Revenue Total	1,245,302	1,062,238	-183,064
Loan Funding			
Loan From East Cambs District Council	-1,245,302	-1,045,000	200,302
Net Cash Position	0	17,238	17,238

1.5 COMMERCIAL SERVICES

1.5.1 Ely Markets

ECTC operates Ely Markets on behalf of ECDC. This has been secured by way of a three year Operations Management Contract.

What has been achieved since 1 April 2016?

Ely Markets has:

- Launched a new brand and website and has a strong presence in social media; Twitter and Facebook.
- Increased income from previous years (2014/15 £175,196; 2015/16 £178,722; 2016/17 £185,745).
- Strengthened the relationship with Market Traders.
- Launched two successful events; Vegan Fair and Festive Lates. Financial benefits (profit of 9.8%) and social benefits (increasing the vitality and viability of the City of Ely).
- Commissioned a study to improve Wifi in the centre of Ely.
- Commissioned a study that looks at options for expanding and extending Ely Markets.
- Secured agreement for a ten year lease of Market Place, Ely (£30,000 per annum; increasing annually with RPI).
- Secured agreement for an extension to the operation and management contract until 2027.

The Annual Business Plan for 2017/18 was approved by Council on 11 April 2017. The approved Business Plan provided for the following headlines:

- £20,000 investment in electrical infrastructure (ongoing 2017/18)
- 10 year lease of the Market Place, Ely at £30,000 per annum, rising with RPI (lease completed on 21 April 2017)
- Extension of Operation and Management contract until 2027 (complete on 2 May 2015)
- £10,000 investment in signage and promotion (ongoing 2017/18)

Ely Markets Budget 2017/18

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

1.5.2 Grounds Maintenance

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

What has happened since the 1 April 2016?

- Secured a one year contract, with potential for a three year contract at:
 - o Netheralls School, Cambridge
 - o Bottisham Village Collage
- Secured an ongoing Grounds Maintenance contract with Bottisham Parish Council
- Carried out one off works for various individual businesses
- Secured agreement to be the sub-contractor for Sanctuary Grounds Maintenance
- Secured agreement to manage and maintain ECDC Parks & Open Spaces for a ten year period
- Secured agreement for the secondment of ECDC staff (17 individuals + option for 3 others) to ECTC

The Annual Business Plan for 2017/18 was approved by Council on 11 April 2017. The approved Business Plan provided for the following:

- 10 year operation and management contract for ECDC's Parks & Open Spaces (completed 2 May 2017)
- 3 year secondments for ECDC 17 employees (completed 28 April 2017)
- Delivering a Sustainable Urban Drainage System maintenance service

Grounds Maintenance Budget 2017/18

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

1.6 Property

1.6.1 CLT East

CLT East provides specialist Community Land Trust (CLT) support services to ECDC, other local authorities within the region and local CLTs within the District and further afield.

What has happened since 1 April 2016?

- New CLTs established in Fordham, Kennett and Haddenham;
- Early stage support for communities in Swaffham Bulbeck;
- Public meetings and community engagement exhibitions, workshops and planning weekend events held in Swaffham Bulbeck, Haddenham, Soham, Witchford, Fordham and Kennett;
- Consultancy contracts have been secured in principle with South Cambs DC, Cambridge City Council and Tendring DC for CLT East's 'Kickstart' Community-led Housing programme;
- Online activity has been enhanced.

The Annual Business Plan for 2017/18 was approved by Council on 11 April 2017. The approved Business Plan provided for the following:

- The continued expansion of CLT East activities within and outside the District;
- Appointment of additional staff to resource the new contracts (once secure commitments have been made);
- The establishment of new products and services for CLTs and local authorities (e.g. Kickstart Cambridgeshire, CLT housing and estate management);

CLT East Budget 2017/18

Salaries	£164,300
Supplies & Services	£23,250
Total	£187,550
Income	£85,000
Net	- £102,550

1.6.2 Palace Green Homes

Palace Green Homes (PGH) provides asset management and development services to ECDC, and acts as a developer of high quality residential property across all tenures, with an emphasis on working in collaboration with local CLTs.

What has happened since 1 April 2016?

- Brand and online presence established;
- Planning permission achieved for the scheme at Barton Road, Ely, and preferred building contractor identified;
- Planning permission achieved for the scheme at The Shade, Soham;
- Land identified for a CLT scheme in Haddenham;
- Land secured for a major mixed use development opportunity at Kennett;
- A pipeline of additional CLT projects has been secured that could deliver over 600 new homes;
- Land secured and planning permission granted for two new Council owned commuter car parks in Ely and Littleport.

The Annual Business Plan for 2017/18 was approved by Council on 11 April 2017. The approved Business Plan provided for the following:

- Construction of the project at Barton Road, Ely (11 homes);
- Construction of the project at The Shade, Soham (13 homes);
- Planning applications for the projects at Haddenham (54 homes), Kennett (500 homes) and a third confidential site (30 homes);
- Continued consultancy service to ECDC (Asset Development Committee);
- Consultancy support to CLTs in conjunction with CLT East;
- Additional staff appointments and resources to deliver the above.

Palace Green Homes Budget 2017/18

Salaries	£322,952
Supplies & Services	£5,426,597 *
Total	£5,749,549
Income	£2,765,000
Net	- £2,984,549

*Supplies and services budget includes £5,185,000 work in progress (subject to audit).