

TITLE: ECTC BUSINESS PLAN 2023/24

Committee: Finance & Assets Committee

Date: 30 March 2023

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1.0 ISSUE

1.1. To consider the ECTC Business Plan 2023/24.

2.0 RECOMMENDATION(S)

2.1. Members are requested to approve the ECTC Business Plan 2023/24 as set out in Appendix 1.

3.0 BACKGROUND/OPTIONS

3.1. In accordance with the Shareholder Agreement ECTC is required to produce an annual business plan for approval by the Finance & Assets Committee (the Shareholder Committee). On 9 March 2023 ECTC Board approved the Business Plan 2023/24.

4.0 ARGUMENTS/CONCLUSION(S)

4.1. Finance & Assets Committee, as the Shareholder Committee, is requested to approve the ECTC Business Plan 2023/24.

5.0 FINANCIAL IMPLICATIONS / EQUALITY IMPACT STATEMENT / CARBON IMPACT ASSESSMENT

5.1. There are no additional financial implications arising from this report.

5.2. Equality Impact Assessment (EIA) not required.

5.3. Carbon Impact Assessment (CIA) not required.

6.0 APPENDICES

Appendix 1- ECTC Business Plan 2023/24.

Background Documents:

None



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**BUSINESS PLAN
2023/24**

TABLE OF CONTENTS

Introduction	3
1. Background	5
2. Process.....	9
3. Governance and Management	11
4. Financial Information	13
5. Risk Management.....	15
6. Commercial Services.....	21
7. Property Development.....	25

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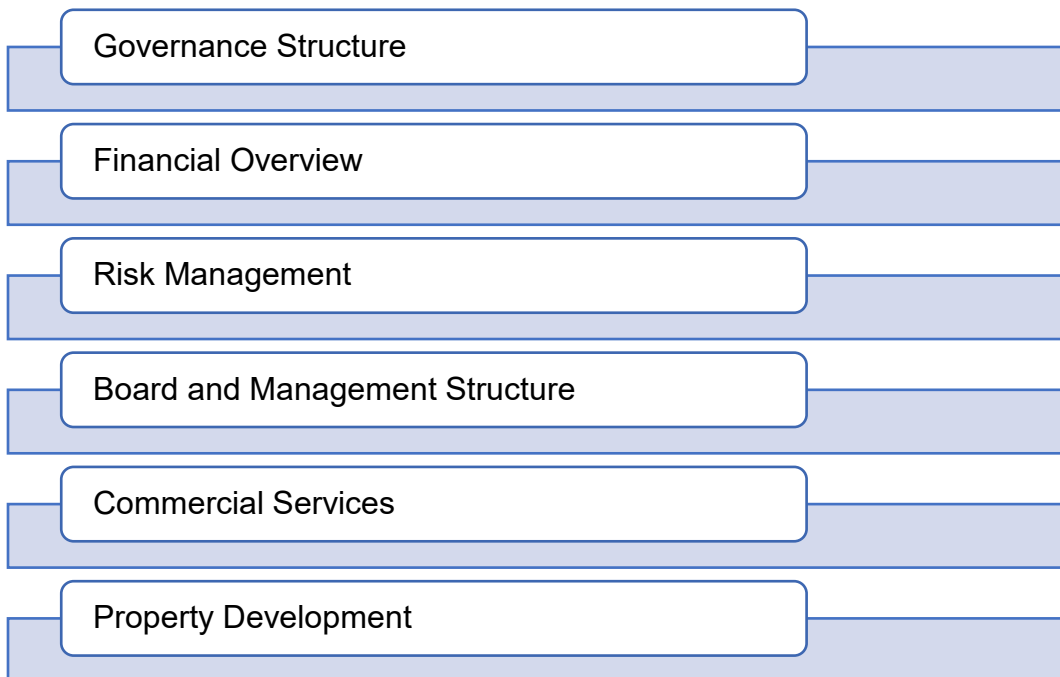
INTRODUCTION

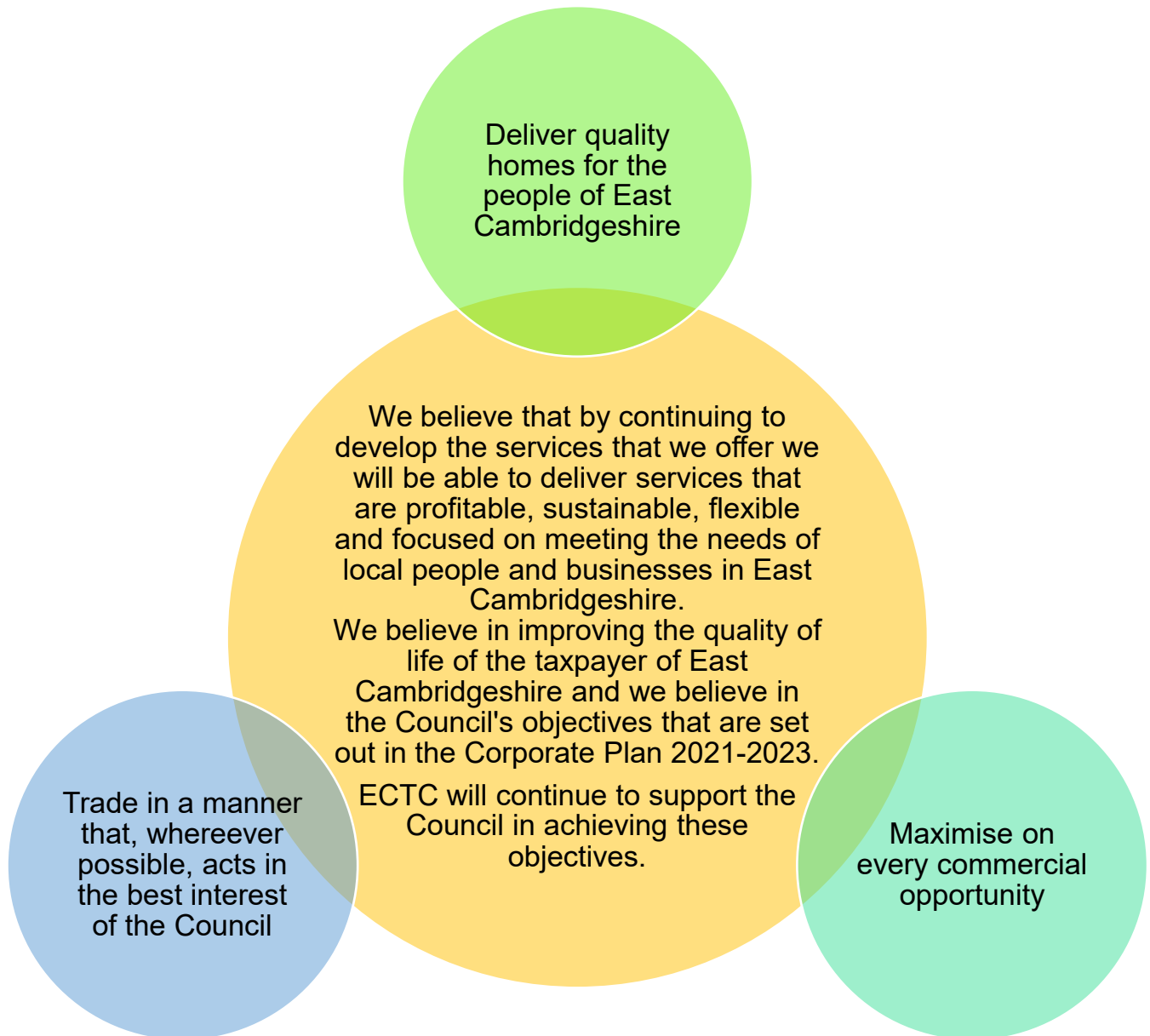
East Cambs Trading Company (ECTC) is a private company limited by shares that is wholly owned by East Cambridgeshire District Council (ECDC). ECTC operates at ‘arm’s length’ from ECDC with an independent board for operational decision making.

Working with ECDC the following drivers were established:

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

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





1. BACKGROUND

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

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

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

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

Key Business

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

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

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

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

Commercial Services- Grounds Maintenance

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

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

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

East Cambs Trading Company

Business Plan 2023/24

service and offer discounts on the management fee to the Council where appropriate. In 2022/23 ECTC generated 24% of its income from other organisations. This is something that the Council would not have been able to achieve because of its limitations to act commercially in a public sector environment.

For various reasons, a discount is not being offered in 2023/24 and this largely relates to the increased sites being managed on behalf of the Council, the increased salary costs and the increased budget provision for fuel and vehicle costs. Conversely, an increased management fee is not being sought as these costs can be absorbed due to income generated from other contracts.

There is a need to review the ECDC Management Fee. The aim of this review is to establish what if any discount can be offered to the Council in future years. If future discounts are to be offered to the Council they will need to be calculated by reviewing any additional sites (adopted by the Council from new growth for which they received Section 106 maintenance contributions for), the increased cost pressure and the level of other income that can be reasonably secured.

Commercial Services- Ely Markets

This business area is a great success for ECTC. Since 2016 Ely Markets has increased its revenue by 29% and year on year has delivered profit to the Company.

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

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

In 2016 Ely Markets employed 3 part-time core staff. In 2023 Ely Markets employs 2 full-time and 3 part-time core staff. Investment has also been made to ensure the improvement and sustainability of the service. All of this has been achieved at no cost to the Council. Ely Markets has returned profits to the Company and some profits have been used to reinvest in the service.

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

- Vegan Fair
- Festive Lates
- Mini Markets
- Foodie Fridays
- Prince of Wales Visit
- NABMA Award Winner
- Queens Jubilee Weekend

East Cambs Trading Company

Business Plan 2023/24

- Christmas Markets
- Environmental Campaign #Bring Your Own
- Safe environment during COVID

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

Property Development

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

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

ECTC, as site promoter, worked with the landowners and Kennett CLT to facilitate the delivery of an infrastructure first 500 home development, which includes 150 affordable homes (60 of which will be owned and managed by the CLT), near net zero development. The landowners sold the site to Bellway in 2021 and planning approval has been approved for the detailed design of 328 of the units and the perimeter road. The development is due to commence in the first quarter of 2023/24. ECTC maintain a legal interest in the site and have a key role to play through the Kennett Delivery Board to ensure that the vision is adhered to.

The future pipeline includes Former Paradise Pools, Ely; 13 unit scheme which includes 4 £100k Homes, MOD Phase 2; 27 unit scheme which includes a minimum 30% affordable housing and MOD Phase 3; 10 unit scheme.

Financing and returns

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

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

East Cambs Trading Company

Business Plan 2023/24

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

To date ECTC has paid £1,280,328 in interest to ECDC.

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

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

At the time of repayment, the interest repayable for the combined loans to the CPCA is £1.84m.

ECTC could have, with the consent of Council, secured loan financing from traditional lenders. It has not done this and instead has borrowed from the public sector. This means that between ECDC and CPCA the public sector has benefited to the total amount of £3,122,705 with further interest payments due to ECDC in future years.

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

Purpose	Total 1 April 2016 to 31 March 2023
Senior Management Cost Recovery	£324,334
Service Charge Recovery	£363,215
Accommodation Cost Recovery	£366,169
S106/CIL	£764,252
Land Acquisition	£725,000
Total	£2,542,970

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

2. PROCESS

Service Level Agreements

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

Support services from ECDC for 2023/24 include:

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

Property and Assets

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

Ely Markets currently occupy The Grange, Ely.

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

Property Development occupy 5 Fordham House Court, Newmarket Road, Fordham. The property is occupied on a 6 year lease.

Policies and Procedures

ECTC continue to use all relevant ECDC policies and procedures.

Data Protection

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

Freedom of Information

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

3. GOVERNANCE AND MANAGEMENT

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

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

Board of Directors

The Board of Directors comprises:

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

Meetings

The quorum for board meetings shall be two.

At Board meetings each director shall have one vote.

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

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

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

Managing Director and Company Secretary

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

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

ECTC’s Relationship with ECDC

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

East Cambs Trading Company*Business Plan 2023/24*

4. FINANCIAL INFORMATION

Budget

The table below provides a summary of turnover and cost up to March 2026.

	2021/22	2022/23	2023/24	2024/25	2025/26
Turnover					
Commercial	1,178,396	1,266,727	1,377,885	1,405,443	1,433,552
Property	15,599,844	27,200,756	4,478,074	3,985,810	10,313,536
Total	16,778,240	28,467,483	5,855,959	5,391,253	11,747,088
Cost					
Corporate	257,324	256,903	267,080	272,244	277,509
Commercial	1,084,466	1,315,903	1,348,971	1,372,346	1,396,153
Property	14,008,329	25,608,793	4,560,169	3,756,447	8,633,152
Total	15,350,119	27,181,599	6,176,220	5,401,037	10,306,814
EBITDA	1,428,121	1,285,884	(320,261)	(9,784)	1,440,274
Interest cost	642,478	1,430,415	338,819	382,773	144,707
Profit before tax	785,643	(144,531)	(659,080)	(392,557)	1,295,567

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

Financial Benefit to ECDC

The table below shows the receipts that ECDC has received from ECTC as a result of its activities:

	2016/17 Actual	2017/18 Actual	2018/19 Actual	2019/20 Actual	2020/21 Actual	2021/22 Actual	Cumulative to Date	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	Total
Financial Benefits from Property Development	-	-	943,224	109,745	444,171	16,560	1,513,700	22,885	808,620	126,585	26,585	2,498,375
Charges Incurred from ECDC	101,299	249,888	383,834	389,627	435,959	365,777	1,926,383	407,663	408,639	501,950	309,114	3,553,749
Reduction in Parks Contracts	-	-	-	-	100,000	100,000	200,000	100,000				300,000
Total Financial Benefit from ECTC	101,299	249,888	1,327,058	499,372	980,130	482,336	3,640,083	530,548	1,217,259	628,535	335,699	6,352,124

5. RISK MANAGEMENT

Inherent Risk							Residual Risk				Monitoring
Risk No.	Risk Description	Effect	Owner	Likelihood	Impact	Score	Key Controls	Likelihood	Impact	Score	Notes
Legislative/Policy											
1.	Changes in legislation could place restrictions on the Council's power to trade in a commercial manner	Possible restrictions or cessation	MD	1	5	5	<p>Continuous monitoring of changes to legislation and government guidance through liaison with MP's, ebulletins, consultations, LGA Knowledge Hub and other publications.</p> <p>If there are significant changes in legislation this risk should be addressed immediately by the MD and reported to the Board of Directors. An amended Business Plan or Exit Strategy may need to be approved by the Board of Directors and submitted to Council.</p>	1	5	5	This is a medium to long term risk and no significant changes in legislation are anticipated that will affect the company during 2023/24.
2.	Changes in legislation could impact on ECTC's ability to borrow (or conversely ECDC's power to lend) to fund future projects	ECTC would need to borrow externally which requires Council consent	FM	1	5	5	The Council's S151 Officer attends all Board meetings and advises on all relevant financial and governance matters	1	5	5	<p>This is a medium to long term risk and no significant changes in legislation are anticipated that will affect the company during 2023/24.</p> <p>The Company has secured a new loan from ECDC to fund the projects within this Business Plan.</p>

3.	Changes in Planning and Housing Policies could have an impact on Property division, for example, Starter Homes, First Homes, Self-Build could impact the profitability of a particular development.	Reduced ability to pay dividends to ECDC or reinvest profits into future projects	DP C	2	2	4	<p>The Levelling up and Regeneration Bill could introduce key changes which will impact on housebuilding.</p> <p>The Council may choose to commence a new Local Plan following changes through the Levelling up and Regeneration Bill.</p> <p>This may impact on projects that have not yet commenced through the planning stage.</p> <p>Changes are to be monitored and assumptions continuously reviewed to ensure that the projects remain profitable with risks incorporated into individual business cases.</p>	2	2	4	<p>There is no impact on the projects that have planning permission or going through the planning system in 2023/24.</p> <p>Individual business cases for future projects should consider possible changes in Planning and Housing Policy.</p>
Governance											
4.	Inadequate governance arrangements and lack of clarity on roles of ECDC and ECTC could lead to poor decision making that undermines the operation of ECTC.	Impact on the Commercial operation of ECTC	MD	3	4	1 2	<p>Shareholder Agreement</p> <p>Articles of Association</p> <p>Rights of Observers</p> <p>Service Level Agreements</p> <p>Management Contracts</p>	1	4	4	Governance arrangements are currently fit-for-purpose
5.	ECTC is wholly owned by ECDC and so is subject to the controls and decision-making process for matters that	The speed of decision-making process may have an impact on ECTC's ability to operate effectively.	MD	3	4	1 2	Shareholder Agreement	1	4	4	The Shareholder Agreement provides for the ability of extraordinary meetings of the Shareholder Committee to be called to consider urgent business and where

East Cambs Trading Company

Business Plan 2023/24

	are outside of the Business Plan.										necessary make recommendations to Full Council.
Economic											
6.	ECDC has provided a £7.5m loan to ECTC to be drawn down and repaid in accordance with the loan agreement. In the event of an economic slowdown, there may be a risk that the company cannot meet the repayment schedule.	The £7.5m loan provides ECDC with security over all ECTC's unsecured assets. ECDC could call on it's rights to recover the loan.	FM	2	5	10	Loan Agreement Debenture Agreement ECTC/ECDC Finance Manager Briefings Board review of business and loan performance Sensitivity analysis for future housebuilding projects	1	5	5	When requesting the loan sensitivity analysis was carried out for future projects. Individual, detailed business cases will be produced for future projects which will review assumptions made when requesting the loan. Former Paradise Pools has now received Full Business Case approval with appropriate sales/cost assumptions, including factoring for a slow build/sales programme.
7.	CPCA has provided loans to ECTC for MOD Phase 1. In the event of an economic slowdown, there may be a risk that the company cannot meet the repayment schedule.	CPCA could call in it's rights to recover the loan.	FM	1	5	5	Loan Agreement Legal Charge Board review of business and loan performance	1	5	5	A full assessment has been carried out on the houses that are currently under offer and at present the Sales Team are confident that they will progress to final completion. ECTC remain confident in their ability to repay the MOD loan by March 2023.

East Cambs Trading Company

Business Plan 2023/24

											This risk should be removed on 1 April 2023.
8.	<p>With the exception of new loans from CPCA, ECTC cannot increase its indebtedness without the consent of the Shareholder Committee (loans can be provided by ECDC and this requires the consent of Council).</p> <p>If ECDC's MTFS is not successfully implemented the availability of loan finance to ECTC could be reduced. This may lead to ECTC needing to borrow from the 'market'.</p>	<p>ECTC would need to work with the 'market' to secure financing.</p> <p>If borrowing could not be secured from the 'market' then ECTC would need to factor this in future business planning.</p>	FM/DP C	2	5	1 0	<p>ECTC/ECDC Finance Manager meetings</p> <p>Discussions with Council in advance of need to ensure there is time to consider alternative options</p>	2	5	1 0	<p>ECTC has secured loan financing for the projects in this Business Plan.</p> <p>If opportunities arise in the future financing discussions with the Council will be held as soon as practicable.</p>
9.	<p>Changes in taxation, interest rates and build cost inflation.</p>	<p>These factors could have an impact on the viability and profitability of ECTC.</p>	FM/DP C	3	3	9	<p>FM monitors taxation and interest rate.</p> <p>Build cost inflation is a key short to medium term risk to the company; to minimise the impact, wherever possible, build contracts will be let on a fixed price basis with costs defined.</p>	2	3	6	<p>The FM and DPC monitor changes and factor these changes into individual detailed business cases.</p>

East Cambs Trading Company

Business Plan 2023/24

10.	Cost of living	The cost of living crisis could impact on the sale ability and/or profitability of a scheme, for example, increased mortgage rates	FM/DP C	4	4	1 6	Future development schemes will include this risk in the Full Business Case Phase with appropriate sensitivity analysis carried out which will include testing a longer sales period and the impact this may have on cashflow and the ability for ECTC to repay its loan.	4	2	8	<p>Continuous review of the homes remaining for sale in the portfolio is ongoing.</p> <p>Regular reports are produced 'Project Status Update' for Board to be kept up to date.</p>
11.	Economic downturn could result in lower profits (or even possible losses) than are anticipated in the Business Plan	Depending on the severity of the situation it may impact on ECTC's ability to meet its financial obligations to its creditors	FM/DP C	3	5	1 5	<p>FM and DPC carry out a full assessment of the market conditions before any development commences.</p> <p>Once projects have commenced, ECTC is at risk from market fluctuations.</p> <p>In the event of a market downturn the DPC will appraise the MD and the Board and make recommendations to mitigate any potential losses.</p>	3	5	1 5	<p>The impact of change in market behavior is being actively managed.</p> <p>DPC and FM will consider this risk when producing the detailed individual business cases for future projects and this will include monitoring this risk if the plans are approved by the Board.</p> <p>Monitor closely and link with the specific cost of living risk.</p> <p>Former Paradise Pools has now received Full Business Case approval with appropriate sales/cost assumptions, including factoring for a slow build/sales programme.</p>

Operational

East Cambs Trading Company

Business Plan 2023/24

12.	Inadequate management of commercial build contracts can lead to delays, overspends and reduced profitability/cash flow for ECTC.	This could impact on ECTC’s ability to meet its financial obligations to its creditors	FM/ DP C	2	4	8	Qualified project manager Regular review of business case assumptions	1	4	4	The DPC and FM, in the business planning cycle, are aware of these risks and meet fortnightly with the project team to monitor the assumptions made in the individual business cases.
13.	Adequacy of organisational resources to deliver the required business outcomes.	Could lead to not being able to deliver the Business Plan	DP C	1	3	3	Resources identified when recommending the Business Plan for Board and F & A approval. In year changes discussed with the MD	1	3	3	Adequacy of resources is continuously reviewed. There is continued investment in facilities, staff and training to ensure that ECTC has the resources that it needs to deliver the necessary outcomes.

FM- ECTC Finance Manager MD- ECTC Managing Director DPC- Director Property & Commercial

6. COMMERCIAL SERVICES

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

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

The primary focus of Commercial Services for 2023/24 shall be to continue to develop Ely Markets, focusing on the community as its customer, and Grounds Maintenance Service focusing on new areas of income generation; ensuring that both continue to deliver high quality services that respond to the needs of their customers and seek to maximise opportunities that arise throughout the year.

The following table provides a cumulative budget to March 2026.

	2021/22	2022/23	2023/24	2024/25	2025/26
Turnover	1,161,709	1,266,727	1,377,885	1,405,443	1,433,552
Cost	1,084,466	1,315,903	1,348,971	1,372,346	1,396,153
EBITDA	77,243	(49,176)	28,914	33,097	37,399

For 2023/24 Grounds Maintenance is able to operate within the originally agreed management fee from ECDC for the service that it provides.

For various reasons, a discount is not being offered in 2023/24 and this largely relates to the increased sites being managed on behalf of the Council, the increased salary costs and the increased budget provision for fuel and vehicle costs. Conversely, an increased management fee is not being sought as these costs can be absorbed due to income generated from other contracts.

There is a need to review the ECDC Management Fee. The aim of this review is to establish what if any discount can be offered to the Council in future years. If future discounts are to be offered to the Council they will need to be calculated by reviewing any additional sites (adopted by the Council from new growth for which they received Section 106 maintenance contributions for), the increased cost pressure and the level of other income that can be reasonably secured.

Ely Markets has shown significant growth in the past and is projecting further growth as the Market goes from strength to strength. During 2023/24 and future years it is necessary to continue with the previously approved investment programme to ensure the growth and sustainability of the service.

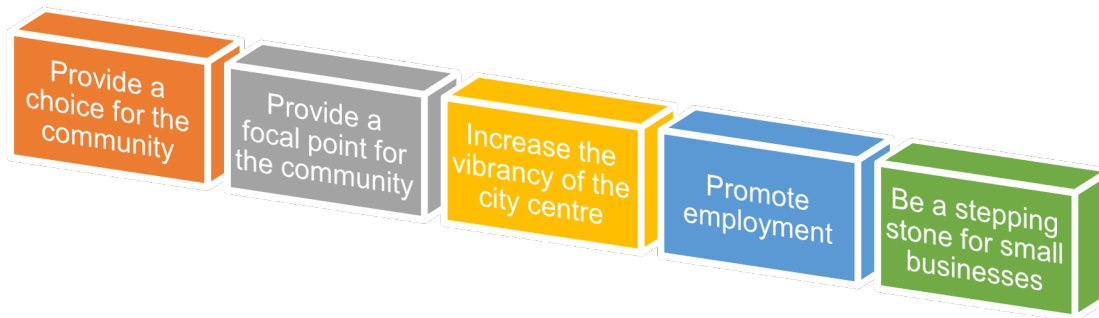
East Cambs Trading Company

Business Plan 2023/24

Ely Markets

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

Service Objectives



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

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

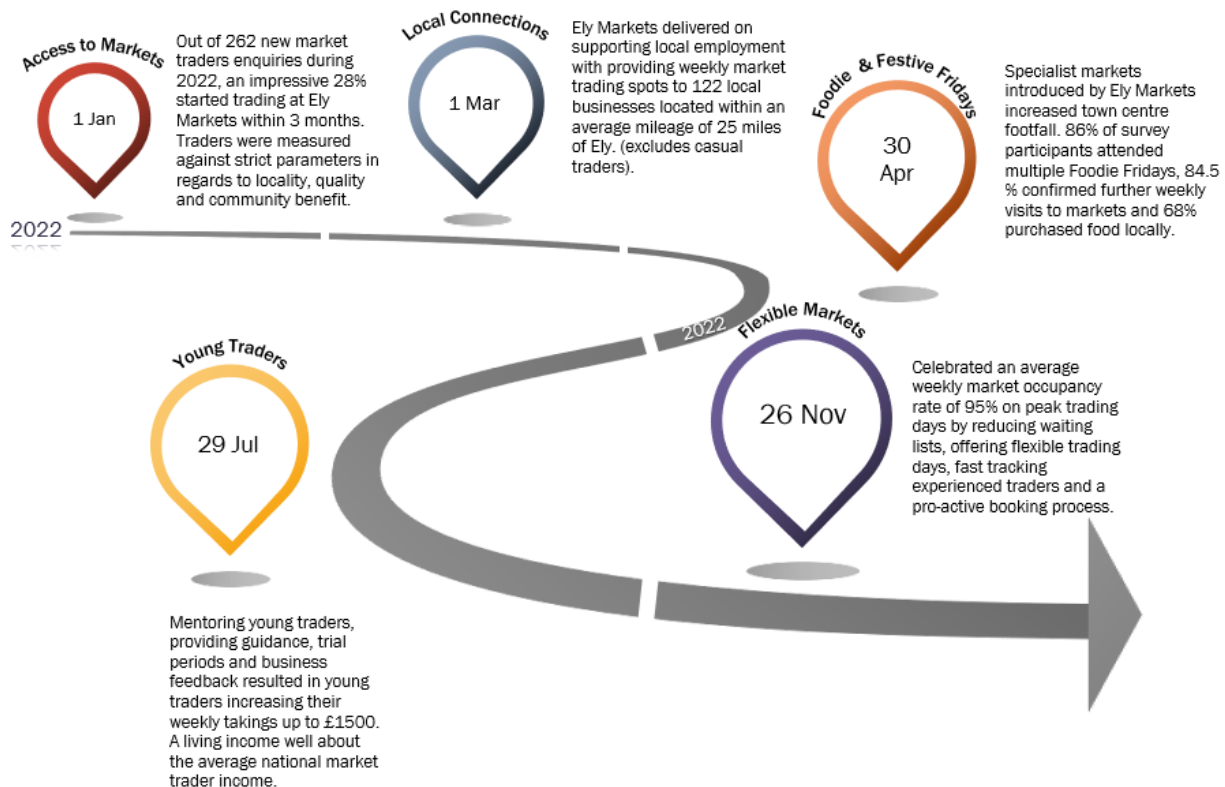
Ely Markets welcomes around 50,000 visitors to their markets each week and supports a vision of a vibrant and thriving market town, whilst at the same time function as an engine for community based socio-economic interaction.

East Cambs Trading Company

Business Plan 2023/24

COVID-19 has accelerated the perception and growth of Ely Markets, providing the city with a safe and successful trading environment, enabled the expansion of a local business incubator model and delivering services as a true community partner.

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



Budget

The following table provides a summary of the budget to March 2026.

Markets	2021/22	2022/23	2023/24	2024/25	2025/26
Turnover	239,746	283,138	284,892	290,590	296,402
Salaries	119,072	185,468	190,261	194,066	197,948
Premises	13,897	23,289	22,903	23,132	23,363
Transport	1,264	2,014	2,082	2,103	2,124
Supplies & Services	39,242	61,644	54,400	54,944	55,493
Gross Profit	66,270	10,723	15,246	16,345	17,473

East Cambs Trading Company

Business Plan 2023/24

Grounds Maintenance Service

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

Service Objectives



ECTC's main client is ECDC which accounts for approximately 76% of its income.

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

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

Budget

The following table provides a summary of the budget to March 2026

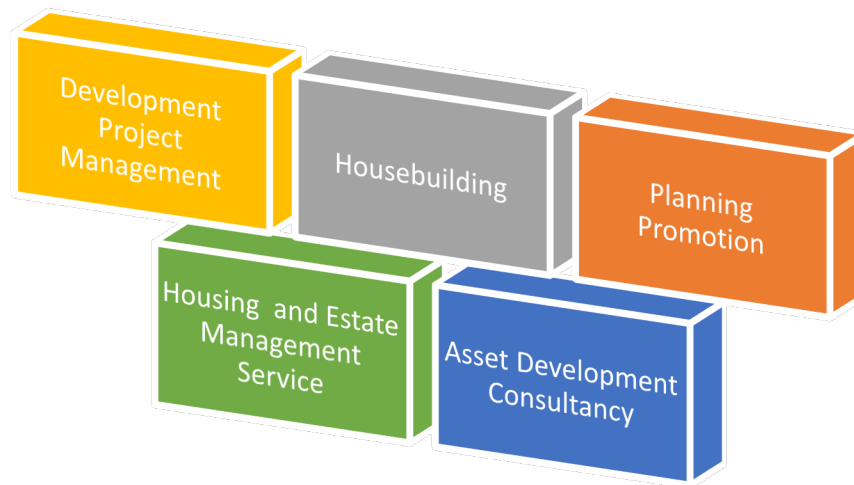
Grounds Maintenance	2021/22	2022/23	2023/24	2024/25	2025/26
Turnover	921,963	983,589	1,092,993	1,114,853	1,137,150
Salaries	639,457	765,706	798,279	814,245	830,529
Premises	49,707	62,345	56,899	57,468	58,043
Transport	131,502	136,048	151,844	153,362	154,896
Supplies & Services	90,325	79,389	72,303	73,026	73,756
EBITDA	10,972	(59,900)	13,668	16,752	19,925

Note: The losses in 2022/23 mostly relate to the increased staffing costs arising from the NJC pay award. These increased costs were absorbed by the Company and will not be recovered from either ECDC or other customers.

7. PROPERTY DEVELOPMENT

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

Service Objectives



Brief 2022/23 Overview

During 2022/23 the company continued to develop schemes at West End Gardens, Haddenham and Arbour Square, Ely. Additionally, the company secured Board approval for the construction of 13 homes on the site of the former Paradise Pools in Ely which includes 4 £100k Homes. In addition, working in partnership with Kennett Community Land Trust and the landowners, the Company continued to work to ensure the agreed vision is delivered. This has facilitated the delivery of a flagship development which is due to commence in the June/July 2023.

Between 1 April 2022 and 31 March 2023 the Company will have sold and completed sales on 81 properties.

East Cambs Trading Company

Business Plan 2023/24

Projects

West End Gardens, Haddenham



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

There are two homes remaining for sale (1 is under offer) on this development and these will be sold and occupied in the early part of 2023/24.

East Cambs Trading Company

Business Plan 2023/24

Arbour Square, Ely (MOD Phase 1)



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

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

Affordable Housing- As at 1 March 2023 12 properties are now occupied and 3 properties are sold and due to complete during the early part of 2023/24.

Market Homes- As at 1 March 2023 63 have been sold, 10 are under offer with legals in process, 3 have been released for sale and 1 is being rented for 12 months. It is expected that the all sales, with the exception of the 1 rented property, will complete by July 2023.

The company is currently on target to repay the CPCA loan by the due date (31 March 2023).

The company will complete this development in 2023/24.

Former Paradise Pools, Ely



The company secured full planning permission for the construction of 13 homes on the site of the Former Paradise Pools site in Ely in October 2021. Four of the homes are to be provided as £100k Homes. In April 2022 the Council agreed to sell the site to ECTC. In 2022 ECTC Board approved the Full Business Case and the site will commence in April 2023.

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

Former MOD Site, Kilkenny Avenue, Ely- New Build



Complying with its contractual obligations to the MoD when it acquired the site in July 2019 (the effect of which required the Company to test and maximise the planning opportunity for housing on the site) the Company submitted a planning application for Phase 2 at MOD Ely in

East Cambs Trading Company

Business Plan 2023/24

July 2020. This application was for 53 new build properties to be built within the existing housing estate. The application was subsequently revised in October 2021 to reduce the number of new properties to 42 one, two, three and four-bed homes.

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

The planning application includes a policy compliant level of 30% affordable housing. In 2022/23 the Council's Planning Committee approved the application subject to the prior completion of a Section 106 Agreement.

It is expected that the Section 106 Agreement will complete in the first quarter of 2023/24. Negotiations are being held with the MOD to settle the land payment and the Board and Council will consider and agree the 'uplift' in affordable housing in the first quarter of 2023/24.

A full business case for the new build project will be developed at the appropriate time.

MOD Phase 3



The Company has entered into a land-swap contract with the NHS as part of its enabling works for the new Princess of Wales hospital. In return for transferring land for a new car park to the NHS, the Company will receive an equivalent area of brownfield land (currently used for car parking associated with the hospital use) that could be developed, subject to planning, for new build residential planning. This land, with planning potential for around 10 new homes, will form Phase 3 of the Company's development at Ely.

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

Kennett Garden Village



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

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

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

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

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

Over the coming four years, working alongside Kennett CLT, the landowners and Bellway through the Kennett Garden Village Delivery Board, the Company will continue to play a lead

East Cambs Trading Company

Business Plan 2023/24

role in the delivery of the new development, helping to ensure that the key principles of the Quality Charter are achieved. This oversight role will also help to ensure that the Company's legal and financial interests in the remaining land parcels are carefully protected.

Bellway has secured Reserved Matters consent for the perimeter road and 328 homes. The site is due to commence in June/July 2023.

Financial Projections

	HISTORIC		2023/24	2024/25	2025/26	TOTAL
Turnover						
Market housing sales	£48.28m		£4.48m	£2.6m	£9.58m	£64.93m
Affordable (CLT) housing sales	£5.21m		£0.0m	£1.2m	£0.0m	£6.41m
Other income	£1.45m		£0.0m	£0.19m	£0.74m	£2.38m
Total Turnover	£54.94m		£4.48m	£3.99m	£10.31m	£73.72m
Cost of Sales						
Housing construction costs	£48.68m		£4.17m	£3.32m	£8.13m	£64.31m
Salaries	£2.32m		£0.3m	£0.34m	£0.38m	£3.33m
Premises	£0.1m		£0.02m	£0.02m	£0.02m	£0.16m
Transport	£0.0m		£0.0m	£0.0m	£0.0m	£0.0m
Supplies & services	£0.54m		£0.07m	£0.08m	£0.09m	£0.78m
Cost of Sales	£51.64m		£4.56m	£3.76m	£8.63m	£68.59m
Gross Profit / (Loss)	£3.3m		(£0.08m)	£0.23m	£1.68m	£5.13m
Overheads	£1.17m		£0.21m	£0.22m	£0.22m	£1.82m
EBITDA	£2.13m		(£0.3m)	£0.01m	£1.46m	£3.31m

ECTC (Property) - SWOT Matrix

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