

Title: East Cambs Trading Company - Loan Deadline Extension Request

Committee: Full Council

Date: 25 February 2025

Author: Director Finance

Report No: Z138

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1.0 Issue

- 1.1. To respond to East Cambs Trading Company's (ECTC) request for an extension to the loan repayment deadline from March 2027 to March 2029.

2.0 Recommendations

- 2.1. Members are requested to:
- i. Approve the ECTC request for the loan repayment extension from March 2027 to March 2029, subject to the conditions set out in 4.4 of this report, and
 - ii. Authorise the Director Finance and Director Legal to amend the Loan Agreement and Debenture Agreement to implement (i) above.

3.0 Background / Options

- 3.1 On 21 April 2022 (Agenda Item 9) Council approved a loan facility to ECTC for £7.5m due for repayment in March 2026
- 3.2 On 20 February 2024 (Agenda Item 15) Council approved an extension to the repayment date to March 2027, this due to a delay in ECTC acquiring access to the land required for its phase 3 development at Arbour Square, Ely (formerly known as MOD, Ely)
- 3.3 ECTC has completed building work on its project at Eden Square and expects over half of the properties to be occupied before the end of the current financial year, and for all sales to complete in the third quarter of 2025/26. It is about to commence building work at phase 2 at Arbour Square and is taking pre-application advice from ECDC planners for phase 3.
- 3.4 An opportunity has arisen for the company to work in collaboration with Haddenham CLT, and whilst this opportunity is at an early stage of concept planning, it is necessary to ensure that if community support is gained, the project can progress to completion.

- 3.5 Initial discussions have centred around a scheme of around thirty properties, including 33% affordable homes.
- 3.6 On 30th January 2025 ECTC Board instructed the ECTC Finance Manager to write to the Director Finance at ECDC to formally request an extension to the final repayment date of the existing loan from March 2027 to March 2029.

4.0 Conclusions

- 4.1. The Director Finance has considered the request to extend the loan repayment period to March 2029 and has met with the ECTC Finance Manager to review the updated assumptions. If approved, it is proposed that the Council should charge an interest rate of 4.75% which is consistent with the rate of return currently being achieved by the Council's cash investments, considering the most recent base-rate reduction, and therefore is considered a commercial rate.
- 4.2. If approved the Debenture Agreement will also be updated to reflect the new loan agreement. The Debenture Agreement gives the Council first ranking security over all ECTC's unsecured assets.
- 4.3. This loan extension is not detailed in the Budget, MTFS or Treasury Management Strategy papers also in front of you this evening, but if approved, the Treasury Management Strategy will be reviewed and an update position will be reported to Finance and Assets Committee at its November meeting, as part of half-year report.
- 4.4. It is recommended that the extension of the loan repayment from March 2027 to March 2029 is approved subject to the following conditions:
- i. An interest rate of 4.75% will be applied from 1st April 2026,
 - ii. The current loan agreement will be amended to reflect the new final repayment date and changes to the interest rate (as identified in (i) above), and
 - iii. The current Debenture Agreement will be amended to reflect the changes to the loan agreement.

5.0 Additional Implications Assessment

- 5.1 In the table below, please put Yes or No in each box:

Financial Implications Yes	Legal Implications No	Human Resources (HR) Implications No
Equality Impact Assessment (EIA) No	Carbon Impact Assessment (CIA) No	Data Protection Impact Assessment (DPIA) No

- 5.2 The Financial Implications are identified in the main body of the report.

6.0 Appendices

None

7.0 Background Documents

Council – 21 April 2022 (Agenda Item 9)

Council – 20 February 2024 (Agenda Item 15)