

Annual Governance Statement 2024/25

East Cambs Trading Company

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.

ECTC Mission Statement

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.

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 2023-2027. ECTC will continue to support the Council in achieving these objectives.

ECTC Commitments

- Deliver quality homes for the people of East Cambridgeshire
- Trade in a manner that, wherever possible, acts in the best interest of the Council
- Maximise on every commercial opportunity

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.

Delivery from 1 April 2016 to 31 March 2025

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 service and offer discounts on the management fee to the Council where appropriate. In 2024/25 ECTC generated 32% 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 2025/26 and this largely relates to the increased sites being managed on behalf of the Council and the increased salary and national insurance costs which are being absorbed within the additional income received by ECTC from other contracts.

Commercial Services- Ely Markets

This business area is a great success for ECTC. Since 2016 Ely Markets has increased its revenue by 54% and year on year has delivered profit to the Company. Albeit in 2024/25 the profits are small but reflect investment and absorption of increased salaries arising from both the NJC pay award and a re-evaluation and redesignation of responsibilities.

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.

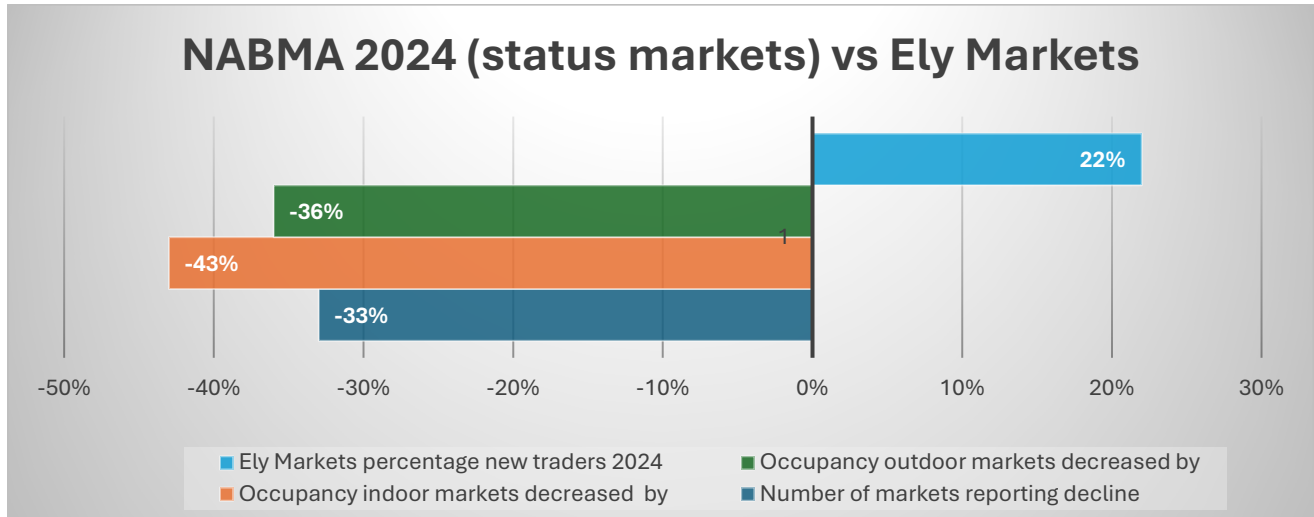
Ely Markets also delivers another direct financial benefit to the Council by leasing Ely Market Place at a cost of £30,000 per annum (increasing annually in accordance with the contract). This is income that the Council would not be able to achieve if it directly managed the service.

In 2016 Ely Markets employed 3 part-time core staff. In 2025 Ely Markets employs 2 full-time and 3 part-time core staff and utilises a number of casual staff; ranging from recking crew to stewards that assist with event management and safety on special market days, e.g. Foodie Fridays. 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 can 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
- Christmas Markets

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



Ely Markets continues to buck the trend and shows that Ely Markets continues to thrive whilst others continue to see decline. Ely Markets success is not a product of luck. The Team work incredibly hard to make sure that Ely Markets continues to provide an offer that the community want and need.

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 183 homes and 48 of these are affordable housing units delivered through Community Land Trusts and £100k homes 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
Eden Square, Ely	9	4
Total	135	48

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 has been approved for the detailed design of 328 of the units and the perimeter road. The development has commenced with open market sales in the summer of 2024 and the first 4 CLT units, now occupied and a further 14 in autumn 2025, with the remainder delivered in 2026. 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.

2024/25 saw the successful completion of Eden Sqaure, Ely on the site of the old swimming pool next door to Paradise Leisure centre. ECTC paid in excess of £500,000 to the Council and delivered 13 new units, including 4 £100k homes for local people.

The future pipeline MOD Phase 2; 27-unit scheme which 100% of which is affordable housing (social rent tenure), MOD Phase 3; a 13 unit scheme (subject to planning) and a second phase at the very successful Haddenham site, led by Haddenham CLT (subject to planning).
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.

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 Pool, Ely, MOD Phase 2 and MOD Phase 3.

In February 2024, the Council agreed to extend the loan deadline from March 2026 to March 2027 to accommodate the timetable changes necessary to enable the NHS to complete the car park works which were only possible because of the land swap agreement between ECTC and the NHS.

In February 2025, the council agreed to a further extension until March 2029 to allow for the potential extension to Haddenham development, with an increase in the interest rate from 4.5% to 4.75%.

By 31st March 2025, ECTC will have paid £1,788,017 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. This loan was repaid on 31 March 2023.

At the time of repayment, the interest paid to the CPCA was £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 £3,577,789 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 2025
Senior Management Cost Recovery	£368,069
Service Charge Recovery	£597,140
Accommodation Cost Recovery	£521,310
S106/CIL	£861,995
Land Acquisition	£1,264,650
Total	£3,613,164

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.

Governance Framework

ECTC is governed by its Articles of Association and the Shareholder Agreement. Any changes to either of these documents would require the consent of ECDC.

Articles of Association (14 November 2019)

Key requirements	Compliance	2025/26developments/issues
There shall be a minimum of 3 Directors	Full Compliance. Board Directors: Paul Remington (Chairman) John Hill Isabel Edgar	There will be a change of directors in 2025/26 arising from the retirement of John Hill, Chief Executive ECDC and Managing Director of ECTC
Quorum shall be 2 Directors	Full Compliance	None to report

Shareholder Agreement (22 January 2019)

Key requirements	Compliance	2025/26developments/issues
Produce Annual Business Plan for approval by Shareholder Committee	2024/25 Business Plan approved by Shareholder Committee (Finance & Assets) on 28 March 2024 2025/26 Business Plan approved by Shareholder Committee (Finance & Assets) on 27 March 2025	2026/27 Business Plan will be presented to Shareholder Committee (Finance & Assets Committee) on 26 March 2026
Maintain effective and appropriate control systems in relation to the financial, accounting and record keeping.	Financial statements prepared in accordance with UK adopted international financial standards and audited by Price Bailey LLP, registered auditors. 2023/24 statements approved on 12 September 2024. 2024/25 statements expected to be approved on 11September 2025	No issues identified
Board of Directors shall consist of not less than 3 Directors.	Full Compliance. Board Directors: Paul Remington (Chairman) John Hill Isabel Edgar	There will be a change of directors in 2025/26 arising from the retirement of John Hill, Chief Executive ECDC and Managing Director of ECTC

Board meetings shall be no less than 4 times per annum.	Board meetings held: 18 April 2024 12 September 2024 14 November 2024 30 January 2025 13 March 2025	Meeting held since 1 April 2025: 12 June 2025 11 September 2025 Scheduled meetings: 13 November 2025 15 January 2026
Leader of Council and Chair of Finance & Assets are appointed as Board Observers.	Full Compliance	None to report
Shareholder Committee to:		
Recommend, where relevant, the appointment of the Chairman of the Board and approve best practice policies in relation to such an appointment.	n/a for 2024/25	None to report
Receive, review, comment on and approve the business plan.	2024/25 Business plan approved on 28 March 2024 2025/26 Business Plan approved on 27 March 2025.	2026/27 Business Plan to be considered on 26 March 2026
Approve the company entering into any joint venture.	n/a for 2024/25	None to report
Approve the borrowing of any external monies (other than from CPCA).	n/a for 2024/25	None to report
Review the financial performance of the company.	Quarterly Management Accounts presented to Shareholder Committee (Finance & Assets). 2023/24 Statutory Accounts presented to Shareholder Committee (Finance & Assets) on 26 September 2024.	Shareholder Committee (Finance & Assets) to continue to receive. 2024/25 Statutory Accounts to be presented to Shareholder Committee (Finance & Assets Committee) on 25 September 2025.
Make recommendations to Council on how it would exercise the functions	n/a for 2024/25	None to report

<p>flowing from its ownership of shares.</p> <p>Shareholder Committee meeting shall be held no less than 2 times per annum.</p> <p>The Company will host an annual All Council Member Shareholder Seminar.</p> <p>The Company shall supply all Members of the Shareholder Committee with Agenda and support papers.</p>	<p>Full Compliance- meetings held on: 27 June 2024 26 September 2024 28 November 2024 30 January 2025 27 March 2025</p> <p>Seminar held 13 May 2025.</p> <p>Full Compliance.</p>	<p>None to report</p> <p>None to report.</p> <p>None to report</p>
<p>Matters reserved for Council:</p> <p>issuing or allotting any shares;</p> <p>granting any option or other interest (in the form of convertible securities or in any other form) over or in its share capital, redeeming or purchasing any of its own shares or effecting any other reorganisation of its share capital;</p> <p>altering in any respect its articles of association or the rights attaching to any of its shares;</p> <p>permitting the registration of any person as a Shareholder of the Company;</p> <p>re-registering the Company as a public limited company, or as any entity other than a company limited by shares;</p>	<p>n/a in 2024/25</p> <p>n/a in 2024/25</p> <p>n/a in 2024/25</p> <p>n/a in 2024/25</p>	<p>None to report.</p> <p>None to report.</p> <p>None to report.</p> <p>None to report.</p>

applying for the listing or trading of any shares or debt securities on any stock exchange or market;	n/a in 2024/25	None to report.
forming any Subsidiary Undertaking or acquiring shares in any other company or participating in a joint venture (incorporated or not);	n/a in 2024/25 On 24 May 2024 Council approved changes to allow Resident Management Companies to be formed without the need for prior consent. On 10 October 2024 Eden Square Residents Management Company Ltd was formed. ECTC held 13 shares which are transferred to residents on the sale of their property.	None to report. The final property has now been sold in July 2025 and so all shares will have been transferred to residents and ECTC no longer holds any shares.
amalgamating or merging with any other company or business undertaking; or	n/a in 2024/25	None to report.
passing any resolution for its winding up or presenting any petition for its administration, unless it has become insolvent;	n/a in 2024/25	None to report.
changing the nature of the Business or commencing any new business which is not ancillary or incidental to the Business;	n/a in 2024/25	None to report.
appointing or removing any Director;	n/a in 2024/25	None to report.
the grant of any power of attorney or the appointment of any agent, or the entry into any other agreement which devolves or transfers management control of the	n/a in 2024/25	None to report.

Company from the Board of Directors;		
agreeing to remunerate (by payment of fees, the provision of benefits-in-kind or otherwise) any Director;	n/a in 2024/25	None to report.
the entry into any service contract, terms of appointment or other agreement with a Director;	n/a in 2024/25	None to report.
agreeing to remunerate (by payment of fees, the provision of benefits-in-kind or otherwise) any key employee of, or consultant to, the Company at a rate in excess of £100,000 per annum;	n/a in 2024/25	None to report.
establishing or amending any profit-sharing, share option, bonus or other incentive scheme of any nature for directors;	n/a in 2024/25	None to report.
making any bonus payment to any director;	n/a in 2024/25	None to report.
borrowing any monies which require a guarantee or security from the Council (other than normal trade credit);	n/a in 2024/25	None to report.
changing its name or its registered office; or	n/a in 2024/25	None to report.
replacing or modifying the Business Plan;	n/a in 2024/25	None to report.
entering into an agreement to do any of the foregoing.	n/a in 2024/25	None to report.

The Company shall provide an Annual Governance Statement to the Shareholder and this shall be supplied at the same time as the information required in clause 7.2. The Annual Governance Statement shall include the key risks for the Company in the forthcoming year and set out the process for escalating the risks to the Council where these affect the Council as the Shareholder.	Presented to Board for approval on 11 September 2025	None to report.
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Strategic Risk

The Strategic Risks are provided in the Business Plan for 2024/25 and are monitored by Director Commercial and Finance Manager. A report of Strategic Risk is presented at each Board meeting.

Risk	Reported Changes in 2024/25	Matters for 2025/26
Changes in legislation could place restrictions on the Council's power to trade in a commercial manner	None	This is a medium to long term risk and no significant changes in legislation are anticipated that will affect the company during 2025/26.
Changes in legislation could impact on ECTC's ability to borrow (or conversely ECDC's power to lend) to fund future projects	None	This is a medium to long term risk and no significant changes in legislation are anticipated that will affect the company during 2025/26. The Company has secured a loan from ECDC to fund the projects within this Business Plan.
Changes in Planning and Housing Policies could have an impact on Property division, for example, Starter Homes,	Council's decision not to commence a new local plan has no impact on the	There is no impact on the projects that have planning permission and no significantly adverse impact on projects going

First Homes, Self-Build could impact the profitability of a particular development.	current pipeline or the new opportunity.	through the planning system in 2025/26 Individual business cases for future projects should consider possible changes in Planning and Housing Policy.
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.	None The Shareholder Agreement was amended in 2024/25 to reflect minor improvement recommendations from the Council's Internal Auditors.	Governance arrangements are currently fit-for-purpose
Changes in Council structure resulting from Local Government Reorganisation	ECTC is a legal entity in its own right. Following LGR ECTC will automatically have a new shareholder (being the new Unitary Authority). It will be a matter for the new Council to consider once it is live.	
ECTC is wholly owned by ECDC and so is subject to the controls and decision-making process for matters that are outside of the Business Plan.	None	The Shareholder Agreement provides for the ability of extraordinary meetings of the Shareholder Committee to be called to consider urgent business and where necessary make recommendations to Full Council.
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 Council has granted an extension of the loan to March 2029 to accommodate a new opportunity.	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. .

		<p>A contract to sell all properties on phase 2 at Arbour Square to a registered Housing Provider has been exchanged.</p> <p><i>A planning application has been submitted for phase 3 at Arbour Sqaure.</i></p>
<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>	None	<p>ECTC has secured loan financing for the projects in this Business Plan. If opportunities arise in the future financing discussions with the Council will be held as soon as practicable.</p>
Changes in taxation, interest rates and build cost inflation.	None	<p>The Finance Manager and Director Commercial monitor changes and factor these changes into individual detailed business cases.</p>
Cost of living.	None	<p>The Finance Manager and Director Commercial monitor changes and factor these changes into individual detailed business cases.</p>
Economic downturn could result in lower profits (or even possible losses) than are anticipated in the Business Plan	None	<p>The impact of change in market behavior is being actively managed.</p> <p>Director Commercial and Finance Manager will consider this risk when producing the detailed</p>

		individual business cases for future projects and this will include monitoring this risk if the plans are approved by the Board. Monitor closely and link with the specific cost of living risk.
Inadequate management of commercial build contracts can lead to delays, overspends and reduced profitability/cash flow for ECTC.	None	The Director Commercial and Finance Manager, 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.
Adequacy of organisational resources to deliver the required business outcomes.	None	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.

In 2024/25 the Director Commercial introduced a risk matrix which was included in the approved 2024/25 Business Plan.

'All risks are monitored by the Director Commercial on a monthly basis and updates are sought from relevant personnel.

- Low- (risk score 1 to 9)- Routine noting to Board
- Medium- (risk score 10 to 14)- Routine noting to Board and relevant updates provided to provide assurance that the risk is being managed
- High- (risk score 15+)- Reported to Board with actions outlined and where necessary a plan of action provided'

The high-risk action plan may include requests to the Shareholder.

Financial Performance

	Compliance	Matters for 2025/26
Management Accounts	The Board received Quarterly Management	None to report

	Accounts throughout 2024/25	
Statutory Accounts	The Board will consider the Statutory Accounts for 2024/25 on 11 September 2025.	None to report
ECDC Loan Performance	Monitored through Management Accounts.	In April 2024 Board started to receive a loan performance update as part of the Project Status Update Report.
Project spend	Project Status Update reports include spend tracker on individual projects for the Property division. Commercial Services are monitored through the management accounts reporting.	None to report.

2024/25 Business Plan

Commercial Services

The primary focus of Commercial Services for 2024/25 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.

Ely Markets

Objectives

- Provide a choice for the community
- Provide a focal point for the community
- Increase the vibrancy of the city centre
- Promote employment
- Be a stepping stone for small businesses

Budget

Markets	2024/25 Budget	2024/25 Actual
Turnover	315,988	285,305
Salaries	249,644	221,098
Premises	15,874	29,953
Transport	2,086	1,762
Supplies & Services	45,051	30,965
Gross Profit	3,333	1,526

Grounds Maintenance

Objectives

- Deliver an excellent high-quality service
- Explore new commercial opportunities
- Develop an excellent SUDS maintenance service

ECTC's main client is ECDC which accounts for approximately 70% 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 2025

Grounds Maintenance	2024/25 Budget	2024/25 Actual
Turnover	1,256,463	1,313,647
Salaries	914,470	941,603
Premises	74,595	78,612
Transport	173,857	179,207
Supplies & Services	87,013	102,231
EBITDA	6,529	11,993

Property

Objectives

- Development Project Management
- House Building
- Planning Promotion
- Housing and Estate Management Service
- Asset Development Consultancy

Project	Commitment	Delivery	Matters for 2025/26
Arbour Square, Phase 1	Affordable Housing- As at 21 February 2024 13 properties are now occupied, and 2 properties are sold and due to complete during the early part of 2024/25. Market Homes- As at 21 February 2024 75 have been sold, 1 property has exchanged and awaiting legal completion (due in March 2024) and 1 is being rented for 6 months.	The remaining affordable properties were sold in 2024/25. The final pen market unit was sold in 2025/26	
Eden Square, Ely	Construction has commenced on 13 homes on the site at Eden Square, Ely. Four of the homes will be provided as £100k Homes. It is anticipated that the development will complete in September 2024 with release of sales commencing in early summer 2024.	Building work was finished in November 2024. 9 of the 13 (including the four £100k homes) had sold by 31 March 2024.	The remaining properties were sold in June/July 2026.

Arbour Square, Ely, Phase 2	A full business case for the new build project will be developed and presented to Board for approval in late March/early April 2024. If approved construction will commence in early Autumn 2024.	A full business case was approved in April 2024. Building work commenced in March 2025.	A contract was signed with Havebury Housing Partnership in August 2025 for all 27 properties as social rent.
Arbour Square, Ely, Phase 3	This land, with planning potential for around 14 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.	Formal planning application submitted in July 2025.	If approved, a full business case will be submitted in 2025/26 for start in early 2026/27.

Budget

	HISTORIC		2024/25 Budget	2024/25 Actual
Turnover				
Market housing sales	£52.26m		£0.87m	£1.84m
Affordable housing sales	£5.21m		£3.76m	£0.4m
Other income	£1.51m			£0.08m
Total Turnover	£58.98m		£4.62m	£2.32m
Cost of Sales				
Housing construction costs	£53.6m		£4.12m	£2.29m
Salaries	£2.7m		£0.41m	£0.4m
Premises	£0.11m		£0.02m	£0.02m
Supplies & services	£0.6m		£0.05m	£0.05m
Cost of Sales	£57.02m		£4.6m	£2.77m
Gross Profit / (Loss)	£1.96m		£0.02m	(£0.45m)
Overheads	(£1.4m)		(£0.18m)	(£0.16m)
EBITDA	£0.56m		(£0.16m)	(£0.61m)

Losses were forecast for 2024/25 due to this being a period of predominantly construction only. Profits on these construction activities will be realised on final sale which will be during the financial years 2025/26 and 2026/27. These profits will be sufficient to return the business to a net asset situation having repaid all financial liabilities.

