



EAST CAMBRIDGESHIRE DISTRICT COUNCIL

THE GRANGE, NUTHOLT LANE,
ELY, CAMBRIDGESHIRE CB7 4EE
Telephone 01353 665555

MEETING: FINANCE & ASSETS COMMITTEE

TIME: 4:30pm

DATE: Thursday 25th November 2021

VENUE: Council Chamber, The Grange, Nutholt Lane, Ely, CB7 4EE

ENQUIRIES REGARDING THIS AGENDA: Caroline Evans

TELEPHONE: (01353) 665555 EMAIL: caroline.evans@eastcambs.gov.uk

MEMBERSHIP:

Conservative Members

Cllr David Brown (Chairman)
Cllr Anna Bailey
Cllr Ian Bovingdon (Vice-Chairman)
Cllr Mark Goldsack
Cllr Julia Huffer
Cllr Bill Hunt

Substitutes:

Cllr Christine Ambrose Smith
Cllr Joshua Schumann
Cllr Jo Webber

Liberal Democrat Members

Cllr Alison Whelan (Lead Member)
Cllr Lorna Dupré
Cllr Simon Harries
Cllr John Trapp

Substitutes:

Cllr Matthew Downey
Cllr Gareth Wilson

Independent Member

Cllr Sue Austen (Lead Member)

Substitute:

Cllr Paola Trimarco

Lead Officer

Emma Grima, Director Commercial

Quorum: 5 Members

AGENDA

- 1. Public Question Time** [oral]
The meeting will commence with up to 15 minutes public question time
- 2. Apologies and Substitutions** [oral]
- 3. Declarations of Interest** [oral]

To receive declarations of interest from Members for any Items on the Agenda in accordance with the Members Code of Conduct.

4. Minutes

To confirm as a correct record the Minutes of the meeting of the Finance & Assets Committee held on 5th October 2021.

5. Chairman's Announcements

[oral]

ITEMS FOR DECISION

6. ECTC Half Yearly Report

7. Treasury Management Update

8. Draft Cycling and Walking Strategy

Due to the format and colour copying, the Strategy at Appendix 1 has been printed separately to the Agenda and a copy is available with the Agenda on the Council's website www.eastcambs.gov.uk

9. ECDC Business Growth Fund

ITEMS FOR NOTING

10. CPCA Masterplans Update

11. Finance Report

12. Assets Update

13. Annual Infrastructure Funding Statement

14. Forward Agenda Plan

EXCLUSION OF THE PUBLIC INCLUDING REPRESENTATIVES OF THE PRESS

That the press and public be excluded during the consideration of the remaining items because it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the public were present during the items there would be disclosure to them of exempt information of Categories 1 & 3 of Part I Schedule 12A to the Local Government Act 1972 (as amended).

15. ECTC Management Accounts (July – Sept 2021)

16. Asset Management Matter – Parish of Ely

17. ECTC Board Meeting Minutes – 7th September 2021

18. Exempt Minutes

To confirm as a correct record the Exempt Minutes of the meeting of the Finance & Assets Committee held on 5th October 2021.

NOTES:

1. Members of the public are welcome to attend this meeting. If you are visiting The Grange during normal working hours you should report to the main reception desk. If you come to an evening meeting please enter via the door in the glass atrium at the back of the building. Public Questions/Statements are welcomed on any topic related to the Committee's functions as long as there is no suspicion that it is improper (e.g. offensive, slanderous or might lead to disclosures of Exempt or Confidential information). Up to 15 minutes is allocated for this at the start of the meeting. Further details about the Public Question Time scheme are available at: <https://www.eastcambs.gov.uk/committees/public-question-time-scheme>
2. The Council has adopted a 'Purge on Plastics' strategy and is working towards the removal of all consumer single-use plastics in our workplace. Therefore, we do not provide disposable cups in our building or at our meetings and would ask members of the public to bring their own drink to the meeting if required.
3. Fire instructions for meetings:
 - If the fire alarm sounds please make your way out of the building by the nearest available exit i.e. the back staircase or the fire escape in the Chamber. Do not attempt to use the lifts.
 - The fire assembly point is in the front staff car park by the exit barrier.
 - The building has an auto-call system to the fire services so there is no need for anyone to call the fire services.

The Committee Officer will sweep the area to ensure that everyone is out.

4. Reports are attached for each agenda item unless marked "oral".
5. If required, all items on the agenda can be provided in different formats (e.g. large type, Braille or audio tape, or translated into other languages), on request, by calling Main Reception on (01353) 665555 or e-mail: translate@eastcambs.gov.uk
6. If the Committee wishes to exclude the public and press from the meeting, a resolution in the following terms will need to be passed:

"That the press and public be excluded during the consideration of the remaining item no(s). X because it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the public were present during the item(s) there would be disclosure to them of exempt information of Category X of Part I Schedule 12A to the Local Government Act 1972 (as amended)."



EAST
CAMBRIDGESHIRE
DISTRICT COUNCIL

AGENDA ITEM 4

Minutes of a meeting of the Finance & Assets Committee held at 4:30pm on Tuesday 5th October 2021 in the Council Chamber at The Grange, Nutholt Lane, Ely, CB7 4EE

PRESENT

Cllr David Brown (Chairman)
Cllr David Ambrose Smith
Cllr Anna Bailey
Cllr Ian Bovingdon (Vice Chairman)
Cllr Lorna Dupré
Cllr Simon Harries
Cllr Julia Huffer
Cllr Bill Hunt
Cllr John Trapp
Cllr Paola Trimarco (Substitute for Cllr Sue Austen)
Cllr Alison Whelan

OFFICERS

Emma Grima – Director Commercial
Ian Smith – Finance Manager
Spencer Clark – Open Spaces & Facilities Manager
Tracy Couper – Democratic Services Manager
Nicole Pema – HR Manager

IN ATTENDANCE

Nigel Ankers – Finance Manager, ECTC (to end of Agenda Item 8/Minute 48)

41. PUBLIC QUESTION TIME

No questions were submitted by members of the public.

42. APOLOGIES AND SUBSTITUTIONS

Apologies for absence were received from Cllr Sue Austen and Cllr Paola Trimarco was substituting on her behalf.

43. DECLARATIONS OF INTEREST

No declarations of interest were made.

44. MINUTES

The Committee received the Minutes of the meeting held on 22nd July 2021.

It was resolved:

That the Minutes of the Finance and Assets Committee meeting held on 22nd July 2021 be confirmed as a correct record and be signed by the Chairman.

45. CHAIRMAN'S ANNOUNCEMENTS

The Chairman informed Members that, in order to aid discussions, he had invited Nigel Ankers (Finance Manager, East Cambs Trading Company) to attend the meeting.

46. LOCAL COUNCIL TAX REDUCTION SCHEME (LCTRS) FOR 2022/23

The Committee considered a report (W70, previously circulated) reviewing the 2021/22 Local Council Tax Reduction Scheme and detailing various options for the 2022/23 scheme to be put forward for consultation.

The Finance Manager stated that the Committee was being asked to consider the options to be put forward for consultation at this stage and that a further report would be submitted to the Committee following the closure of the consultation period to reach a final decision. In that connection, the Finance Manager explained in more detail each of the four options proposed to be put forward for consultation, all of which aimed to improve the customer journey.

A Member had submitted questions in advance of the meeting and the following responses were provided and circulated at the meeting:

Q. What do you define as Capital for these purposes?

As the Universal Credit capital limit is £16,000 how would these proposals reduce the burden? As this is the centrally set limit, please provide the evidence that it is an inappropriate limit.

A. Regulations define Capital for means tested purposes. Capital includes cash, savings, shares, redundancy payments, and property (but not the value of the home the claimant lives in).

DWP has maintained a £16,000 capital limit for many years, we are not aware of any evidence that it is an appropriate limit. It is felt that the proposed limit of £10,000 is a reasonable limit for a means tested benefit, with customers obviously being able to reclaim if their capital falls below £10,000.

The Member thanked the Finance Manager for the responses but stated that they still had concerns regarding the proposal to change to the Capital Limit to something different to the Universal Credit threshold.

In response to a question from another Member, the Finance Manager confirmed that the two other options detailed in the report relating to financial savings were not being recommended for consultation. The Member stated that they also shared the concerns regarding setting different thresholds but was willing to see the option put forward for consultation and await the results.

It was resolved unanimously:

That consultation on the changes to the LCTRS scheme for the 2022-23 year be approved, with the consultation being based on the recommendations detailed in Section 6 of the report.

47. INTERNAL DRAINAGE BOARDS APPOINTMENTS

The Committee considered a report (W71, previously circulated) seeking approval for the appointment of further representatives on the Padnal & Waterden Internal Drainage Board and the Middle Fen & Mere Internal Drainage Board.

The Democratic Services Manager reminded Members of the previously-approved process for seeking nominations from Parish Councils and drew Member's attention to the statement provided by Littleport Parish Councillor Clive Webber in support of his nomination for the Padnal & Waterden Internal Drainage Board (IDB). The vacancy on the Middle Fen & Mere IDB, created by the resignation of former Cllr Victoria Charlesworth, also was highlighted and nominations were requested.

In that connection, the newly elected Soham North Member, Councillor Mark Goldsack, was nominated to fill the vacancy on Middle Fen & Mere IDB.

In response to a question by a Member, the Democratic Services Manager explained that due to the large entitlement of the Council to Membership on the IDBs within the District resulting from the precepting arrangements, after local District Council Members, preference was always likely to be given to Parish Council nominations, to reflect the local nature of those Members' representation and knowledge. A Member commended the two local nominations put forward.

It was resolved unanimously:

- i) That Littleport Parish Councillor Clive Webber be appointed to fill the vacancy on the Padnal & Waterden Internal Drainage Board.
- ii) That Cllr Mark Goldsack be appointed to fill the vacancy on the Middle Fen & Mere Internal Drainage Board.

48. EAST CAMBS TRADING COMPANY ACCOUNTS 2020/21

The Committee received a report (W72, previously circulated) containing the East Cambs Trading Company Accounts 2020/21. Nigel Ankers, Finance Manager, ECTC, highlighted key aspects of the accounts. He stated that whilst the Company had made a loss of £515K similar to the preceding year due to the impact of Covid-19, this did not modify the Directors' assessment of the Company as a going concern.

A Member had submitted questions in advance of the meeting and the following responses were provided and circulated at the meeting:

Q. Cash at bank and in hand is inadequate to meet the trade creditor and other payables:

- 1) What additional facilities are available to meet this shortfall?*
- 2) Are any creditors more than 30 days old? In particular, the pension creditor implies a liability of 2.4 months payments.*

Net cashflow is only positive because of increased borrowing. That is not a sustainable position. What actions are in place to ensure that staff, creditors, and taxpayers are protected?

- A. ECTC draws down funds as required from Cambridgeshire & Peterborough Combined Authority for the projects at Ely and Haddenham.

Approximately £37,000 of invoices were more than 30 days old.

There were minor issues with the payroll system and pension payments in February/March. The balance of February's deductions was paid on 1 April 2021, part of March was paid on 19 April 2021 with the balance on 4 May 2021.

There is sufficient cashflow to ensure business continuity.

Q. Note 18 - loans of £4,990,000 due to ECDC. At the Council meeting in July 2020 Councillors approved "new loan facilities to be a maximum of £3.6 million to replace the original facility and £1.3 million to replace the facility for the MoD site". Why is there a £90k difference in these figures?

A. This is a typo and should read £4,900,000.

This has now been amended.

The Member raising the questions expressed concern at adequacy of the response to the first question and at the level of errors in these and previous accounts.

A Member highlighted a typographical error relating to the dates in Note 6 on page 24 of the accounts.

Another Member emphasised that the Audit opinion of the Company had confirmed the assessment as a going concern and that good accounting practices were followed. They reminded the Committee of the reasons for the establishment of the Company, to generate income for the Council in the light of ongoing cuts to funding and to provide excellent quality services. Both Open Spaces and Markets provided successful, diverse and highly commended services. Whilst Palace Green Homes had experienced greater issues due to the Covid Pandemic, it had paid over £3.07M to this Council and built or refurbished 80 high quality homes and provided 23 affordable housing units. All elements of the Company had delivered on the objectives set for them by the Council.

Councillor Bovingdon entered the meeting at 16:50pm.

A Member commended the activities of the Company and highlighted the fact that the Directors and Auditors had not raised any concerns regarding future viability.

A Member stated that they were not against the principle of Councils acting commercially but stated that this Administration had adopted an ideology to pursue commercialisation of services to avoid raising Council Tax. The Member expressed concerns regarding the ongoing viability of the Company and that there were better ways to deliver affordable housing. This presented a risk for the Council and the Administration would be held accountable for its future success or failure.

A Member emphasised the benefits delivered by the Company for the residents of East Cambridgeshire.

Another Member commented that the £3M income still could have been achieved without the establishment of the Trading Company.

A Member acknowledged that all Councillors wanted to support policies and practices beneficial to the residents of the District, which was why it was necessary to raise questions when things were not working well to protect the staff, assets and residents of the District.

A Member commended this diligent and questioning approach, but emphasised that the CLT housing delivered was truly affordable, at 60% of market values, and run by local people. The high-quality homes and £3m income generated was a measurable success and they were confident that this would continue in the future.

It was resolved:

That the East Cambs Trading Company accounts 2020/21, as set out in Appendix 1 of the report, be noted.

49. GENDER PAY REPORT

The Committee received a report (W73, previously circulated) providing measurable data on gender pay at the Council. The HR Manager summarised the content of the report.

A Member had submitted questions in advance of the meeting and the following responses were provided and circulated at the meeting:

Q. It is disappointing to see a small deterioration in the mean gender pay gap. What actions are being put in place to come into line with other Councils and how do they differ from actions previously proposed?

A.

- Committing to flexible working - supporting women returning to work through shared parental leave, job sharing, compressed hours, part-time opportunities – plus, encouraging men to also take advantage of flexible working arrangements.
- Offering financial assistance towards childcare costs attracts female employees.
- Recruiting a high proportion of female staff – 128 (68%) in the workforce.

Helping women progress in their careers through a clear conversation approach towards performance management, which encourages line managers to have an open ongoing dialogue with staff on career development and progression.

New actions:

- Reviewing the pay spine to meet the challenges posed by the National Living Wage increases. This may mean that staff in the lower quartile will receive a greater pay increase than other staff in other quartiles, which should help to reduce the gap.
- Allowing employees to work remotely to fit around family arrangements.

- When assessing a new employee's starting salary, women are reportedly much less likely to negotiate their salary than men, leaving them on lower salaries. To rectify this, the Recruiting Manager should seek to encourage all employees to negotiate their salary, up to the maximum of the pay band identified.

Q. How has the median been calculated as there are different ways of doing this which can lead to different results in what is a complex data set?

A.

- identify all employees who are men;
- sort these employees in a list, in order of their Full-time Equivalent (FTE) hourly pay, with the highest paid first and the lowest paid last;
- identify the man (and their hourly pay) who is in the middle of this list, this gives you the median hourly pay for men;
- identify all employees who are women;
- sort these employees in a list, in order of their Full-time Equivalent (FTE) hourly pay, with the highest paid first and the lowest paid last;
- identify the woman (and their hourly pay) who is in the middle of this list, this gives you the median hourly pay for women;
- If there is an even number of men, or women, in your list of employees, use the average of these two people's hourly pay to identify the median hourly pay;
- take the median hourly pay for men and minus the median hourly pay for women;
- divide the result by the median hourly pay for men;
- multiply the result by 100.

This gives you the median gender pay gap in hourly pay as a percentage of men's pay.

Q. The bottom half of Table 3 - should this be % figures?

A. Yes this should be %.

The Member thanked the HR Manager for the comprehensive responses and emphasised their commitment to promoting greater equality. They queried how ECDC was different to other Councils.

In response to a question by a Member, the HR Manager confirmed that the standard pay scales were irrespective of gender.

A Member commented that the issue was more complex than standardised pay scales and was predicated on the inequalities and unconscious bias in society as a whole. People with protected characteristics tended to encounter this the most and we needed to create a framework whereby this started to change.

Another Member expressed support for measures to encourage this change and stated that we needed to look more closely behind the statistical information to understand the actual position of this Council compared to other authorities.

It was resolved unanimously:

That the information on gender pay reporting 2020/21, as detailed in the report, be noted.

50. **ASSETS UPDATE**

The Committee received a report (W74, previously circulated) providing an update on Council-owned assets. The Open Spaces & Facilities Manager reported that as a result of the Council receiving Decarbonisation Grant funding, the following additional projects had been identified:

Loft insulation, The Grange
Secondary glazing to sash windows at The Grange
Radiator controls, The Grange
Insulation, E-Space North

In that connection, Members requested that any projects funded from external sources also be included in the expenditure tracking sheet at the appendix, to give a full picture of all works being undertaken.

A Member had submitted questions in advance of the meeting and the following responses were provided and circulated at the meeting:

Q. Updates have been provided to some of the items in the appendix, however, some have no comment at all. Please can we have updates on all the items in the table?

A. This has now been included in the 'Notes' column of the updated Appendix circulated.

All future updates will include an update in the 'Notes' column.

A Member welcomed the receipt of decarbonisation grant and asked if the Committee could receive an update on the works to Council assets under the Council's Climate Change agenda. Another Member stated that a Monitoring report on this subject was submitted to Operational Services Committee every 3 months. However, Members commented that this Committee needed to be monitoring the climate impacts of the Council's assets as part of its remit. The Chairman agreed to discuss future reporting arrangements with the Lead Officer and Open Spaces & Facilities Manager.

It was resolved:

- i) That the update on Council-owned assets be noted.
- ii) That the expenditure tracking sheet at Appendix 1 of the report be noted.

(Councillor Hunt requested that his abstention from voting be recorded in the Minutes)

51. HEALTH & SAFETY ANNUAL REPORT 2020/21

The Committee received a report (W75, previously circulated) containing the Health & Safety Annual Report for 2020/21. The Open Spaces & Facilities Manager reported that there had been no instances of Covid transmission between staff at the Council. Members commended this position.

A Member had submitted questions in advance of the meeting and the following responses were provided and circulated at the meeting:

Q. How is it appropriate to benchmark in absolute terms against 2 councils that have a significantly larger number of staff? Please can we have all comparison tables in % terms.

A. The Incident Rate (bottom row page 7) used within the report is based on per 100 employees which gives a more accurate picture (however this will never entirely accurate due to some services and hazards differing within each organisation). The Incident Rate is a standard used by various organisations for bench marking purposes throughout the country.

Fenland DC has **278** full time equivalent employees. This is a similar number to ECDC = 158, ECTC =20 and ECSS =66 giving a total of **244** full time equivalent employees.

Both organisations have similar hazards and risks within their services e.g. refuse, cleansing and maintenance activities where the majority of accidents occur, which is why they have been selected for benchmarking purposes.

The stats show that (ECDC/ECTC/ECSS combined) had an incident rate of 4.5 per 100 employees compared to Fenland DC with an incident rate of 7.55.

It was resolved unanimously:

That the Health & Safety Annual Report for 2020/2, as set out in Appendix 1 of the report, be noted.

52. FINANCE REPORT

The Committee received a report (W76, previously circulated) providing budget-monitoring information for services within the responsibility of Finance & Assets Committee and, as part of its corporate remit, for the Council as a whole.

A Member had submitted questions in advance of the meeting and the following responses were provided and circulated at the meeting:

Q. The provision of variance figures with items such as £1/4m in Miscellaneous finance to be reallocated is unhelpful. Please provide the comparisons with the planned allocation. It is impossible to understand the overspends and underspends with such large items unallocated.

A. This is simply a holding account that the insurance premium is paid against before being split out to services, this will be done in advance of the monitoring report for the second quarter.

Q. Please could I have an explanation for the large swings in the 'Homelessness' line on page 7?

A. The “underspend” at the end of the first quarter on Homelessness relates to Government grant being carried forward from 2020/21. This does not show on the yearend forecast, as the grant will either be allocated in year or will be again carried forward.

Members commended Council Officers at all levels for their work in identifying efficiency savings.

It was resolved unanimously:

i) That the additions to the 2021/22 budget in relation to slippages from 2020/21 and the additional disabilities facilities grant, as detailed in paragraphs 3.7 to 3.9 of the report, and on the slippage and additions columns in Appendix 3 of the report, be approved.

ii) That the Finance & Assets Committee’s projected yearend underspend of £23,100 when compared to its approved revenue budget of £5,276,679, be noted.

iii) That the Council’s projected yearend underspend of £73,100 when compared to its approved revenue budget of £14,313,335, be noted.

iv) That the Council’s overall position on Capital is a projected outturn of £4,760,444, which is in line with the revised budget with the inclusion of (i) above, be noted.

53. MEDIUM TERM FINANCIAL STRATEGY UPDATE

The Committee received a report (W77, previously circulated) providing an update on the Medium-Term Financial Strategy (MTFS) since the 2021/22 budget was approved in February 2021.

A Member had submitted questions in advance of the meeting and the following responses were provided and circulated at the meeting:

Q. Is it correct that the Council will not be able to publish a legal budget in 2023/24 without cutting 16.3% of its budgeted expenditure and for 2024/25 without cutting budgeted expenditure by 32.1%?

A. The Council needs to have a balanced budget for 2023/24 by February 2023. There is therefore time for Council to undertake the actions necessary to achieve this, but as highlighted in the report, plans need to be prepared and implemented as soon as possible.

Q. How do the figures in item 12 Appendix 2 relate to first column of appendix 1 of 13 as these do not appear to be consistent?

A. The figures should be consistent, the main difference is that the Leisure Centre has been moved from Finance and Assets Committee (in the Finance Report) to Operational Services Committee in the MTFs Report.

With regard to the 2nd question, the Member noted that Leisure Services had moved to the remit of Operational Services Committee as part of a review of Committees earlier in the year.

With regard to the 1st question, a Member commented that the Council could generate income as well as cut expenditure and highlighted that this still was the only Council in the County with a balanced Budget for the next 2 years. This bought us time to meet the projected shortfall from 2023/24 onwards. Officers should be commended for this position.

It was resolved unanimously:

That the contents of the report be noted.

54. FORWARD AGENDA PLAN

The Committee received the updated Forward Agenda Plan for the following 12 months.

A Member had submitted questions in advance of the meeting and the following responses were provided and circulated at the meeting:

Q. Mepal Outdoor Centre - when are the business plans for the crematorium to be brought to this committee as stated at the special meeting in July 2020?

A. If Planning permission is achieved, the Business Plan will be considered by the Committee at the appropriate time and will be included in the Forward Agenda Plan.

It was resolved unanimously:

That the Forward Agenda Plan be noted.

55. EXCLUSION OF THE PUBLIC INCLUDING REPRESENTATIVES OF THE PRESS

It was resolved:

That the press and public be excluded during the consideration of the remaining items because it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the public were present during the item there would be disclosure to them of exempt information of Categories 1, 2 & 3 of Part I Schedule 12A to the Local Government Act 1972 (as amended).

56. WRITE-OFF OF UNRECOVERABLE DEBT

The Committee considered a report (W78, previously circulated) requesting the write-off of 3 unrecoverable debts and noting the write-off of 1 unrecoverable debt under delegated powers.

A Member had submitted questions in advance of the meeting and responses were provided and circulated at the meeting.

It was resolved unanimously:

That the recommendations in the report be approved.

57. ECTC BOARD MEETING MINUTES

The Committee received the Minutes from the Board Meetings of the East Cambs Trading Company held on 11th February 2021 and 17th February 2021.

The Director Commercial confirmed that the ECTC Board Minutes from 7 September meeting would come to the November meeting of this Committee, once approved by the Board.

A Member had submitted questions in advance of the meeting and responses were provided and circulated at the meeting.

It was resolved:

That the Minutes of the ECTC Board meetings held on 11th and 17th February 2021 be noted.

58. EXEMPT MINUTES

The Committee received the Exempt Minutes from the meeting of the Finance & Assets Committee held on 22nd July 2021.

It was resolved unanimously:

That the Exempt Minutes be confirmed as a correct record.

The meeting concluded at 17:55pm.

ECTC BUSINESS PLAN 2021/22 - HALF YEARLY UPDATE

Committee: Finance & Assets Committee

Date: 25 November 2021

Author: Director Commercial

[W109]

1.0 **ISSUE**

1.1 To receive a half yearly progress update on the East Cambs Trading Company (ECTC) Business Plan 2021/22 covering the period 1 April 2021 to 30 September 2021.

2.0 **RECOMMENDATION**

2.1 Members are requested to note the update.

3.0 **BACKGROUND/OPTIONS**

3.1 In accordance with the Shareholder Agreement ECTC is required to produce a half yearly update for noting by the Finance & Assets Committee, acting as the Shareholder Committee. The update includes the Strategic Risk Assessment, progress against the approved Business Plan 2021/22 and the current financial projections.

The Half Yearly Update Report is provided at Appendix 1.

4.0 **ARGUMENTS/CONCLUSIONS**

4.1 Finance & Assets Committee are requested to note the ECTC Half Yearly Report.

5.0 **FINANCIAL IMPLICATIONS/EQUALITY IMPACT ASSESSMENT/CARBON IMPACT ASSESSMENT**

5.1 There are no financial implication arising from this report.

5.2 EIA not required.

5.3 CIA not required.

6.0 **APPENDICIES**

6.1 Appendix 1- ECTC Half Yearly Report

<u>Background Documents</u>	<u>Location</u>	<u>Contact Officer</u>
Finance & Assets Committee- 4 March 2021- ECTC Business Plan 2021/22	Room 105, The Grange, Ely	Emma Grima Director Commercial (01353) 616960 E-mail: emma.grima@eastcambs.gov.uk
Shareholder Agreement		



EAST CAMBRIDGESHIRE
DISTRICT COUNCIL

East Cambs
Trading CO. Ltd

HALF YEARLY UPDATE

1 April 2021 to 30 September 2021

1. INTRODUCTION

The purpose of this report is to provide the Finance & Assets Committee, acting as the Shareholder Committee, with an update in the following areas:

- Strategic Risk Management
- Progress against the Business Plan 2021/22
- Current Financial Position

2. STRATEGIC RISK MANAGEMENT

The approved ECTC Business Plan 2021/22 includes Risk Management. At this point in the year the identified risks remain appropriate and there are no new identified strategic risks for the remainder of this business plan year. The Board of Directors will consider what, if any, changes need to be made when formulating the 2022/23 business plan.

For ease of reference the table provided in the ECTC Business Plan 2021/22 is set out below.

RISK MANAGEMENT

SECTION A - RISK MANAGEMENT (GENERAL)				
1. LEGISLATIVE/POLICY				
Identified Risk	Management of Risk	Risk Score		Risk Owner
<p>Changes in legislation 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 ECTC's power to lend) to fund future projects</p>	<p>Continuous monitoring of changes to legislation and government guidance through liaison with MP's, ebulletins, consultations, LGA KnowledgeHub and other publications.</p> <p>Any significant changes in legislation that may realise this risk should be addressed immediately by the Managing Director 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 the Council.</p> <p>The Council's S151 Officer to attend all Board Meetings and advises on all relevant financial and governance matters.</p>	<p>Likelihood</p> <p>Impact</p> <p>Risk</p>	<p>1</p> <p>5</p> <p>5</p>	<p>Managing Director</p>
	<p>Monitoring</p> <p>This is a medium to long term risk and no significant changes in legislation are anticipated that will affect the company during 2021/22. This risk is continually reviewed through publications and regular liaison with Grant Thornton.</p>			
<p>The United Kingdom's exit from the European Union could have a financial and/or operational impact on ECTC.</p>	<p>Continuous monitoring of the impact of Brexit on market conditions. The Board of Directors will inform the Council of any significant changes/decisions that need to be made. 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>3</p> <p>9</p>	<p>Board of Directors</p>
	<p>Monitoring</p>			

	<p>The United Kingdom has now left the European Union but there are still potential implications that could arise from the post-BREXIT trade deal. Short and medium term risks could include inflationary pressures on construction material prices, skills shortages within the construction industry, and constraints on market for new homes due to economic uncertainty.</p> <p>ECTC will manage cost risks through its tendering process and will ensure that as much flexibility as possible is retained when entering into land or development agreements. The Head of Development will address the key risks relevant to each project in the business case when seeking project approvals from the Board of Directors.</p>			
<p>Future Local Government Reform could impact on the Company's activities.</p>	<p>The Cambridgeshire and Peterborough Combined Authority Mayor has announced a review for local government reform. Details and scope of the review are not yet defined, but such a review is capable of having both a positive and / or a negative impact on ECTC.</p> <p>This is a medium term risk. Negative impacts for ECTC are not expected in 2021/22 as the review is unlikely to conclude during the financial year.</p> <hr/> <p>Monitoring The Director Commercial shall monitor the proposals as they progress and shall advise the Board as soon as is practical of any opportunities / threats that may arise.</p>	<p>Likelihood Impact Risk</p>	<p>2 2 4</p>	<p>Director Commercial (ECDC)</p>
<p>Changes in Planning and Housing Policies could have an impact of the Property Division,</p>	<p>The Government published revised National Planning Policy Framework (July 2018). The revised definition of affordable rented housing restricts delivery to registered providers. CLTs will be unable</p>	<p>Likelihood Impact Risk</p>	<p>3 2 6</p>	<p>Director Commercial (ECDC)</p>

<p>for example, changes to Affordable Housing, Starter Homes, and Self-build could impact the profitability of a particular development.</p>	<p>to deliver new affordable rented housing unless they become, or work with, a registered provider.</p> <hr/> <p>Monitoring The Council is addressing this issue by setting up a company to become a not for profit Registered Provider (RP). The Council owned RP could act as a partner for local, unregistered CLTs. Stage 1 Regulator approval has already been obtained and an application for Stage 2 (final) consent is due to be submitted in 2021.</p> <p>This is a medium term risk. There will be no impact on the Company's current construction projects, but projects where planning permission has been, or will be, approved since the change will be affected. The Head of Development and Director Commercial (ECDC) shall continue to monitor progress with the establishment of the RP.</p>			<p>Head of Development</p>
<p>If the Council cannot demonstrate a five year land supply the company's ability to partner with local CLTs to deliver community-led developments in East Cambridgeshire could be undermined.</p>	<p>In 2019 the Council could not demonstrate a five year housing land supply, but in a document published in December 2020, the Council was able to evidence a land supply in excess of six years. This position will continue to adjust over time.</p> <hr/> <p>Monitoring This is a medium-term risk. Currently, as a five year housing land supply exists, CLTs are still able to bring forward new development opportunities outside a development envelope using the Community-led development policy in the local plan.</p> <p>That said, ECTC's business activities are no longer wholly reliant on CLT schemes and the company has not yet experienced a negative</p>	<p>Likelihood Impact Risk</p>	<p>2 2 4</p>	<p>Director, Commercial Services (ECDC)</p> <p>Head of Development</p>

	impact from the changing land supply issue. The Head of Development will continue to monitor the situation in 2021/22.			
2. GOVERNANCE				
Identified Risk	Management of Risk	Risk Score		Risk Owner
<p>Inadequate governance arrangements and lack of clarity on roles of the Council and ECTC could lead to poor decision making that undermines the operation of ECTC.</p>	<p>In 2019/20 Council approved governance changes to the Articles of Association and the Shareholder Agreement. Changes included the removal of elected Members from the ECTC Board of Directors. Elected Members now serve as Observers to the Board of Directors. The rights and rules of Observers are set out in the Shareholder Agreement.</p>	Likelihood	3	Managing Director
	<p>Monitoring The Council and ECTC will continue to monitor the practicalities of the Shareholder Agreement to ensure that it is fit-for-purpose. Any necessary changes will need to be approved by the Council. The Managing Director will provide a report to the Council detailing any proposed changes and why these changes would be necessary.</p>	Impact	4	
		Risk	12	
<p>ECTC is wholly owned by ECDC so is subject to the controls and decision-making process for matters that are 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 ECTC and ECDC. Any changes to the Shareholder Agreement would need to be approved by the Council which may take some time to achieve.</p>	Likelihood	3	Managing Director
	<p>Monitoring 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.</p>	Impact	4	
		Risk	12	

	In accordance with the Council's Constitution a Full Council meeting can be convened to deal with any urgent business.			
3. ECONOMIC				
Identified Risk	Management of Risk	Risk Score		Risk Owner
<p>ECDC provided a loan to ECTC of £5,000,000, 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.</p> <p>ECDC provided a loan to ECTC of up to £1,500,000, 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.</p>	<p>Under the terms of the original loan facility agreement, ECTC is required to repay in full at March 2021 any balance outstanding on the original £5m loan. It was recognised early in 2020/21 financial year that this may not be possible due to the impact of Covid19 and so a new loan facility of £3.6m was agreed with ECDC. This new facility will be available in March 2021 and will be used to repay any outstanding balance on the original facility and will continue to fund the Company for the next two years. The new loan is due for repayment in July 2023.</p> <p>ECDC granted a £1.5m facility in December 2018 for the specific purpose of refurbishing the 88 empty properties in Ely, adjacent to the Princess of Wales Hospital. The loan is due for repayment in March 2021. It was recognised early in 2020/21 financial year that repayment of this loan would not be possible due to the impact of Covid19 and so a new loan facility of £1.3m was agreed with ECDC. This new facility will be available in March 2021 and will be used to repay any outstanding balance on the original loan and will continue to fund the refurbishments at MOD. The new loan is due for repayment in March 2023.</p> <hr/> <p>Monitoring</p> <p>The ability of ECTC to repay any outstanding loan to ECDC is dependent on commercial activities of ECTC particularly with reference to property development.</p>	<p>Likelihood 2</p> <p>Impact 5</p> <p>Risk 10</p>	Finance Manager	

	<p>The repayment schedule is on track and regular financial updates are provided to the Board and S151 Officer at ECDC</p>			
<p>With the exception of new loans from the Combined Authority, ECTC cannot increase its indebtedness without the consent of the Shareholder Committee; loans could 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 the availability of loan finance to ECTC could be reduced. This may lead to ECTC being forced to borrow from the 'market'. In such circumstances, ECTC's profitability and cash flow could be affected as ECTC would be unlikely to benefit from the same loan terms and conditions if it went to the market for such a loan.</p>	<p>The Section 151 Officer will ensure that the Council can provide the required funding to ECTC in accordance with the loan agreement. In the event that loan advances cannot be made the Section 151 Officer shall notify the Managing Director as soon as is practicably possible.</p> <p>This matter concerns the medium to long term future of ECTC, however, effective business planning requires continuous consideration of financing arrangements. When considering an application for a loan from the Council ECTC shall engage with the Section 151 Officer as early as practicably possible to ensure that the Council has time to assess its financial position and make a decision as to whether such a loan could be provided. 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. ECTC shall, wherever possible, adhere to the deadline requirements of the Council's Committee and Council meetings.</p> <hr/> <p>Monitoring ECTC and the Council's S151 Officer continually keep this matter under review, and to date, ECTC has not experienced any difficulty accessing the finance that has been agreed from the Council to progress its current projects.</p>	<p>Likelihood Impact Risk</p>	<p>2 5 10</p>	<p>Section 151 Officer Managing Director Head of Development Director, Commercial (ECTC)</p>

	<p>This is a medium term risk as the current loan facilities from ECDC are inadequate to fund all of the development activities that ECTC plans to undertake in this business plan. Individual project business cases will be required to secure additional loan financing for future projects that are not currently funded or under construction. ECTC will continue to ensure that the Council's S151 Officer is aware of the Company's development pipeline and future finance requirements.</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 are not a known risk, however, ECTC should continue to monitor the potential impact of any changes that may be announced during 2021/22.</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> <hr/> <p>Monitoring The Finance Team, and where relevant the Head of Development will monitor changes and factor any changes into the business planning process.</p>	<p>Likelihood Impact Risk</p>	<p>3 3 9</p>	<p>Section 151 Officer/Finance Manager</p> <p>Head of Development</p> <p>Director, Commercial (ECTC)</p>
<p>Economic downturn could result in lower profits (or even possible losses) than are anticipated in the Business Plan</p>	<p>A full assessment of the market conditions is always carried out prior to any development commencing, however, once projects have commenced, the Company is at risk from market fluctuations. In the event that an economic downturn occurs once a development has commenced the Head of Development will appraise the Managing Director of the situation and propose a solution to mitigate any potential losses.</p> <hr/> <p>Monitoring</p>	<p>Likelihood Impact Risk</p>	<p>3 5 15</p>	<p>Head of Development</p> <p>Managing Director</p>

	<p>The Head of Development continually monitors the general economic conditions and housing market outlook and the financial forecasts contained in this business plan are based on cautious projections of the performance of the housing market during the coming year. The Managing Director shall inform the Council as soon as is practicably possible of any significant changes that may impact on the repayment of any of the company's loans.</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, careful management of cash flow for ECTC is essential. Insufficient cash flow will result in ECTC being constrained in realising the objectives of the Business Plan.</p>	<p>The cash flow of ECTC is dependent on the loan facilities from ECDC/Combined Authority, commercial returns from non-property based activities, receipts from property sales and individual project cash flow.</p> <hr/> <p>Monitoring ECTC continuously monitors its cash flow to ensure it can meet its business plan objectives and creditor obligations to staff, contractors and suppliers.</p> <p>Should new business 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 5 15</p>	<p>Managing Director Head of Development Director Commercial Finance Manager</p>

4. OPERATIONAL

Identified Risk	Management of Risk	Risk Score		Risk Owner
<p>Inadequate management of commercial build contracts can lead to delays, overspends and reduced profitability/cash flow for the company.</p> <p>This has the potential to undermine the ability to repay loans to the Council and the Combined Authority.</p>	<p>The Head of Development, in the business planning cycle, shall have regard to risks of changing market conditions and/or build cost inflation and put in place a robust project management and cost control plan.</p> <hr/> <p>Monitoring The Head of Development and Finance manager continuously monitor project revenues, costs and programmes and report any significant variations to the Board of Directors.</p>	<p>Likelihood Impact Risk</p>	<p>2 4 8</p>	<p>Managing Director Head of Development Finance Manager</p>
<p>Adequacy of organisational resources to deliver the required business outcomes.</p>	<p>The realisation of ECTC's Business Plan requires planned and continued investment in facilities, staff and training to ensure that the company has the resources that it needs to deliver the necessary outcomes.</p> <hr/> <p>Monitoring The Head of Development and Managing Director keep organisational matters under regular review and make appropriate changes when they are considered necessary.</p>	<p>Likelihood Impact Risk</p>	<p>1 3 3</p>	<p>Managing Director Head of Development</p>

SECTION B - RISK MANAGEMENT (CORONAVIRUS)

LEGISLATIVE/POLICY				
Identified Risk	Management of Risk	Risk Score		Risk Owner
New legislation arising from the Covid 19 pandemic could have operational impacts across the business	The health and safety of the Company's employees and visitors to its sites and offices is of great importance and the government's legislative response to the pandemic has already resulted in adjustments to the Company's procedures. The Company has introduced new safe working restrictions that are intended to reduce the risk of viral transmission while continuing to conduct business in as 'close to usual' as is possible. Further emergency changes to legislation relating to Health and Safety, HR, housing Management may be introduced during 2021/22 with little warning and at short notice.	Likelihood	3	Director Commercial (ECTC) Head of Development
		Impact	3	
		Risk	9	
	Monitoring This is a short to medium term risk that is expected to affect the company throughout 2021/22. The Director Commercial (ECTC) and Head of Development will continually monitor new legislation as it evolves and take appropriate, effective action to ensure compliance.			
ECONOMIC				
Identified Risk	Management of Risk	Risk Score		Risk Owner
Unemployment and economic uncertainty could increase as a consequence of the Covid 19 pandemic, leading to a fall in demand for the Company's properties and a reduction in Revenues.	The government's furlough scheme that is supporting many local businesses and keeping employees in work is currently scheduled to end in April 2021. There is a significant risk that this will lead to higher levels of unemployment in the second quarter of 2021 and a lull in the housing market (and possible price falls) before the economy improves again in the Autumn once the national vaccination programme has bene completed.	Likelihood	3	Director Commercial (ECTC) Head of Development
		Impact	5	
		Risk	15	

	<p>In view of the potential risk, the Company has taken a deliberately cautious approach to the revenue forecasts for 2021/22 that are contained in this business plan.</p> <hr/> <p>Monitoring This is a short to medium term risk that may affect the company throughout 2021/22. The Director Commercial (ECTC) and Head of Development will continually monitor the changing situation and will report to the Board as soon as is practicably possible of any significant impacts.</p>			
<p>Covid-19 safe working restrictions, shut-downs and sickness could create shortages of materials in the Company's supply chain and reduce the supply of labour, leading to additional costs.</p>	<p>During 2020, shortages were noted in the supply of certain building materials when factories were forced to close due to the pandemic. Fortunately these were limited in their impact and the company was able to source new supplies. There is a continuing risk that this could occur again during the year.</p> <hr/> <p>Monitoring ECTC has reviewed opportunities for forward purchasing of building materials to protect itself against future shortages and where possible, orders have been placed. The Director Commercial (ECTC) and Head of Development will continually monitor the changing situation and will report to the Board as soon as is practicably possible of any significant impacts.</p>	<p>Likelihood Impact Risk</p>	<p>3 4 12</p>	<p>Director Commercial (ECTC) Head of Development</p>

OPERATIONAL				
Identified Risk	Management of Risk	Risk Score		Risk Owner
<p>The Covid-19 pandemic creates a risk of ECTC having to temporarily close construction sites, with consequential delays to build programmes.</p> <p>There is a potential risk to staff mental health and well-being from prolonged periods of remote working.</p>	<p>At present, there remains a genuine risk that the company may need to shut down its construction sites if positive Covid cases are identified among the workforce. Requirements to comply with safe working practices on-site is also reducing build production form normal levels.</p>	Likelihood	3	Director
	<p>Office based staff have been forced to adapt to remote working and while this may suits some, it is not a satisfactory arrangement for all employees, particularly those that live alone or with young children.</p> <hr/> <p>Monitoring</p> <p>The company is also investigating the possibility of introducing a rapid testing regime on its construction sites to ensure that positive coronavirus cases do not result in future shutdowns.</p> <p>The Director Commercial (ECTC) and Head of Development will continually monitor the wellbeing of ECTC remote workers and ensure that appropriate practical or emotional support is provided as required.</p>	Impact	4	Commercial (ECDC)
		Risk	12	Head of Development

3. PROGRESS AGAINST THE BUSINESS PLAN 2021/22

3.1 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.

The approved business plan stated that the primary focus for Commercial Services for 2021/22 is 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.

3.1.1 Ely Markets

The following table provides a summary of the approved budget and the current **forecast** position (as at 30 September 2021) for 2021/22.

Markets	Approved Budget (£)	Current Forecast (£)
Salaries	129,211	130,206
Premises	30,696	19,242
Transport	1,408	1,459
Supplies & Services	26,932	40,256
Turnover	202,241	208,618
Gross Profit	13,994	17,455

Markets revenues have now recovered from the effects of the restrictions imposed by Government during the Covid19 pandemic and are on track to meet budget levels. Premises costs will be lower than forecast in the original business plan as this assumed a full charge for business rates on Market Square. The actual charge was zero for the first quarter and a one-third reduction for the remainder of the year. The saving from this was then reinvested in an external consultant to review market operations / sales activity in order to ensure continued growth and profitability in future years.

3.1.2 Grounds Maintenance

The following table provides a summary of the approved budget and the current position (as at 30 September 2021) for 2021/22.

Grounds Maintenance	Approved Budget (£)	Current Forecast (£)
Salaries	637,951	623,264
Premises	73,573	69,879
Transport	69,317	79,387
Supplies & Services	63,273	76,541
Turnover	876,791	880,798
Gross Profit	32,677	31,727

The underspend on salary costs is due to budgeting for agency staff, based on last year's performance that, so far, has not been necessary to utilise. This has been offset by

overspends on transport (price increase on fuel plus an exceptional repair cost). Services costs are higher but this relates to costs incurred that are then recharged.

3.2 Property

Business during the first half of the financial year has progressed largely as projected in the 2021-22 Business Plan. The table below sets out progress against the five full year targets that were included in the Plan:

Full year target	Progress by half year / Full year projection
<ul style="list-style-type: none"> Build a further 16 new homes at West End Gardens, Haddenham, bringing the total number of homes completed in the project to 37. 	<ul style="list-style-type: none"> During the first half of the financial year, 5 homes were completed, taking the total number completed on site to 26. In the second half of the financial year, 9 more homes are expected to be completed, taking the total number completed on site to 35 (a lower figure than projected in the business plan due to build production difficulties (see 'Overview' below)
<ul style="list-style-type: none"> Refurbish a further 26 empty homes at MOD Ely, bringing the total number of homes completed and brought back into use to 76. 	<ul style="list-style-type: none"> During the first half of the financial year 9 homes were refurbished taking the total number completed on site to 59. In the second half of the financial year, 17 more homes are expected to be refurbished, taking the total number completed on site to 76.
<ul style="list-style-type: none"> Work with ECDC to establish the most appropriate way to deliver 13 new homes on the Paradise Pool Site, Ely and commence development on site during the year if approvals / funding are obtained. 	<ul style="list-style-type: none"> Planning permission has been issued for the site and the terms of a sale of the site have been agreed by ECDC. Development is expected to commence in Q4 2021/22.
<ul style="list-style-type: none"> Commence development of 53 new build homes at MOD, Ely if approvals and funding are obtained. 	<ul style="list-style-type: none"> In response to feedback received, the proposal has been revised to 42 houses and remains under consideration. If planning approval is obtained during Q4 of 2021/22 development can commence in 2022/3
<ul style="list-style-type: none"> Commence development of key infrastructure for the 500 home Kennett Garden Village project if approvals and funding are obtained. 	<ul style="list-style-type: none"> Work on determining the preferred delivery strategy for the project is advanced. Reserved Matters planning approvals / commencement of development are expected in 2022/23.

Overview

During the first half of 2021/22, Covid-19 restrictions and the continuing impact of Brexit had negative effects on material / labour supplies and build progress. Consequentially, at 30/09/21, build production was slightly behind schedule at both of the company's sites. The company expects to recover lost ground in the second half of the year, providing there is no worsening of current conditions.

In the first six months of 2021/22 housing reservations and sales have progressed better than expected in the Business Plan, in line with generally positive movements in the wider market. The stamp duty holiday introduced in summer 2020 was extended by the government until the end of September 2021 and this, together with pent up demand from purchasers that had put house moves on hold during the height of the pandemic, helped to stimulate demand for the company's homes. At Haddenham, where new build purchasers are happy to buy 'off-plan' the company now has a forward sales order book that extends well into Spring 2022. It is harder to generate forward sales for the refurbished homes at Ely, however, levels of interest continue to be good once properties are ready to view.

Cumulative build and sales at 30 September 2021

West End Gardens, Haddenham	Units				
	Build Complete	Market Sold / Under Offer	Affordable	Market Rent	Available
Business Plan forecast (31/03/2022)	37	12	14	0	11
Mid -year actuals	26	12	14	0	0
Full-year projection at 30/09/21	35	15	14	0	6

MOD Ely (Refurb)	Units				
	Build Complete	Market Sold / Under Offer	Affordable	Market Rent	Available
Business Plan forecast (31/03/2022)	76	30	15	12	19
Mid -year actuals	59	23	15	12	9
Full-year projection at 30/09/21	76	54	15	2	5

4. FINANCIAL

The table below details the actual results for 2020/21 and latest forecasts for 2021/22 through to the end of July 2023 when all of the loans will be repaid.

	2020/21	2021/22	2022/23	Apr-Jul 2023
Turnover				
Commercial	984,100	1,089,415	1,099,428	373,406
Property	3,272,955	19,272,417	31,856,063	3,726,782
Total	4,257,055	20,361,832	32,955,491	4,100,188
Cost				
Corporate	244,673	247,148	246,987	83,923
Commercial	925,882	1,040,242	1,050,356	356,228
Property	3,435,426	16,262,890	30,345,666	3,223,485
Total	4,605,981	17,303,132	31,643,010	3,663,637
EBITDA	(348,926)	2,811,552	1,312,482	436,551
Interest cost	166,328	747,190	815,163	71,058
Profit before tax	(515,254)	2,064,362	497,319	365,493

Revenues for the Kennett development have now been included in the 2021/22 forecast along with a release into costs of the amounts previously held as work-in-progress on the balance sheet. There is also a slight increase caused by some properties that were originally expected to complete in 2020/21 now due for completion in 2021/22. Revenue and costs for the Commercial division have remained relatively static.

TREASURY OPERATIONS MID-YEAR REVIEW

Committee: Finance & Assets Committee

Date: 25th November 2021

Author: Finance Manager

[W110]

1.0 **ISSUE**

- 1.1 To provide Members with an update on the Council's 2021/22 Treasury Management Strategy.

2.0 **RECOMMENDATION**

- 2.1 Members are asked to recommend to Full Council that the mid-year review of the Council's Treasury Management Strategy for 2021/22, as set out in Appendix 1, be noted.

3.0 **BACKGROUND**

- 3.1 The Chartered Institute of Public Finance and Accountancy (C.I.P.F.A.) Revised Code of Practice on Treasury Management requires councils to adopt the revised Code and fully comply with its requirements.
- 3.2 This report complies with the requirement for a mid-year review.
- 3.3 The size of the Council's investment portfolio is relatively small and often short-term meaning that investment decisions are made so liquidity and cash flow requirements are the priority focus, this rather than returns. Despite this position, opportunities for proactive investment decisions are taken where appropriate.
- 3.4 The loan that the Council has made to East Cambs Trading Company (ECTC) is not technically an investment, but is included in this report for completeness. ECTC is paying a commercial rate of interest on its loan from the Council – this to avoid breaking State-Aid rules.
- 3.5 The Council's 2021/22 Treasury Management Strategy and budget detailed an expected return on investments of £10,877, with then a further £110,800 from interest payments on the loan to ECTC.

4.0 INTEREST RECEIPTS

- 4.1 During 2021/22 the Council has operated within its approved treasury limits and Prudential Indicators; no changes have been made to the counterparty values detailed in the Annual Treasury Management Strategy.
- 4.2 The interest receipts generated on investments to the end of September 2021 were £11,184. This is above that forecast in the budget and reflects the higher than expected level of cash that the Council is currently holding. The average return on investments on 30th September 2021 was 0.06%, this is above the benchmark 7 day LIBID (London Inter-Bank Bid Rate) which was in negative territory at -0.08%
- 4.4 As at 30th September 2021, the Council had cash investments of £31.99 million (£19.60 million 2020), with a further £4.9 million (£5.07 million 2020) loan to ECTC, details of these investments are included in Appendix 1.
- 4.5 While the loan to the Company is not specifically an investment, it is generating the Council interest receipts, £85,632 up until 30th September 2021. This is above the budget set at the start of the year as the Company drawdown the full value of the approved loan on the 31st March 2021 and has held this throughout the first six-months of the year.
- 4.6 In total, the combination of interest receipts on both general investments and the loan to ECTC, are forecast to come in around £52,500 above budget at yearend.
- 4.7 Interest rates on offer to the Council from Money Market Investment Deposit Accounts or fixed term deposits remain extremely low and at times it has been decided to retain money within the Council's Corporate Cash Manager Plus Account with NatWest, rather than invest relatively small amounts overnight as the transaction costs of moving the money would be greater than the interest earned. This approach complies with the Treasury Management Strategy.

5.0 INTEREST PAYMENTS

- 5.1 The Council has remained external debt free during the first six months of the financial year, and with the healthy cash balance at the end of September, it is expected to remain so for the remainder of the year.

6.0 CONCLUSIONS

- 6.1 The Council's Treasury Management Strategy, as approved on 23rd February 2021, continues to offer the Council the best approach to Treasury Management and the policies contained within it will continue to be followed for the remainder of the financial year.

7.0 FINANCIAL IMPLICATIONS / EQUALITY & CARBON IMPACT ASSESSMENTS

- 7.1 It is now anticipated that the Treasury Management function will provide additional income of £52,500 when compared to the budgeted amount.
- 7.2 An Equality Impact Assessment is not required.
- 7.3 A Carbon Impact Assessment (CIA) is not required.

8.0 APPENDICES

- 8.1 Appendix 1: Mid-Year Review Report 2021/22

BACKGROUND DOCUMENTS	LOCATION	CONTACT OFFICER
Treasury Management Strategy as approved by Council on 23 rd February 2021	Room 104 The Grange Ely	Ian Smith (01353) 616470 E-mail: ian.smith@eastcambs.gov.uk
Link Asset Services Revised Interest Rate Forecast		

Treasury Management Strategy Statement and Annual Investment Strategy

Mid-Year Review Report 2021/22

East Cambridgeshire District Council

1. Background

1.1 Capital Strategy

In December 2017, the Chartered Institute of Public Finance and Accountancy, (CIPFA), issued revised Prudential and Treasury Management Codes. These require all local authorities to prepare a Capital Strategy which is to provide the following: -

- a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services;
- an overview of how the associated risk is managed;
- the implications for future financial sustainability.

1.2 Treasury Management

The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity initially before considering optimising investment return.

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure the Council can meet its capital spending. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

Accordingly, treasury management is defined as:

“The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

2. Introduction

This report has been written in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2017).

The primary requirements of the Code are as follows:

1. Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities.
2. Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.
3. Receipt by the full Council of an annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead, a Mid-year Review Report and an Annual Report, (stewardship report), covering activities during the previous year.
4. Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
5. Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body. For this Council the delegated body is Finance and Assets Committee.

This mid-year report has been prepared in compliance with CIPFA's Code of Practice on Treasury Management, and covers the following:

- An economic update for the first half of the 2021/22 financial year;
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- The Council's capital expenditure, as set out in the Capital Strategy, and prudential indicators;
- A review of the Council's investment portfolio for 2021/22;
- A review of the Council's borrowing strategy for 2021/22;
- A review of compliance with Treasury and Prudential Limits for 2021/22.

3. Economics and interest rates

3.1 Economics update

MPC meeting 24th September 2021

- The Monetary Policy Committee (MPC) voted unanimously to leave Bank Rate unchanged at 0.10% and made no changes to its programme of quantitative easing purchases due to finish by the end of this year at a total of £895bn; two MPC members voted to stop the last £35bn of purchases as they were concerned that this would add to inflationary pressures.
- There was a major shift in the tone of the MPC's minutes at this meeting from the previous meeting in August which had majored on indicating that some tightening in monetary policy was now on the horizon, but also not wanting to stifle economic recovery by too early an increase in Bank Rate. In his press conference after the August MPC meeting, Governor Andrew Bailey said, "the challenge of avoiding a steep rise in unemployment has been replaced by that of ensuring a flow of labour into jobs" and that "the Committee will be monitoring closely the incoming evidence regarding developments in the labour market, and particularly unemployment, wider measures of slack, and underlying wage pressures." In other words, it was flagging up a potential danger that labour shortages could push up wage growth by more than it expects and that, as a result, CPI inflation would stay above the 2% target for longer. It also discounted sharp increases in monthly inflation figures in the pipeline in late 2021 which were largely propelled by events a year ago e.g., the cut in VAT in August 2020 for the hospitality industry, and by temporary shortages which would eventually work their way out of the system: in other words, **the MPC had been prepared to look through a temporary spike in inflation.**
- So, in August the country was just put on alert. However, this time the MPC's words indicated there had been a marked increase in concern that more recent increases in prices, particularly the increases in gas and electricity prices in October and due again next April, are, indeed, likely to lead to **faster and higher inflation expectations and underlying wage growth, which would in turn increase the risk that price pressures would prove more persistent next year than previously expected. Indeed, to emphasise its concern about inflationary pressures, the MPC pointedly chose to reaffirm its commitment to the 2% inflation target in its statement;** this suggested that it was now willing to look through the flagging economic recovery during the summer to prioritise bringing inflation down next year. This is a reversal of its priorities in August and a long way from words at earlier MPC meetings which indicated a willingness to look through inflation overshooting the target for limited periods to ensure that inflation was 'sustainably over 2%'. Indeed, whereas in August the MPC's focus was on getting through a winter of temporarily high energy prices and supply shortages, believing that inflation would return to just under the 2% target after reaching a high around 4% in late 2021, now its primary concern is that underlying price pressures in the economy are likely to get embedded over the next year and elevate future inflation to stay significantly above its 2% target and for longer.
- Financial markets are now pricing in a first increase in Bank Rate from 0.10% to 0.25% in February 2022, but this looks ambitious as the MPC has stated that it wants to see what happens to the economy, and particularly to employment once furlough ends at the end of September. At the MPC's meeting in February it will only have available the employment figures for November: to get a clearer picture of employment trends, it would need to wait until the May meeting when it would have data up until February. At its May meeting, it will also have a clearer understanding of the likely peak of inflation.
- **The MPC's forward guidance on its intended monetary policy** on raising Bank Rate versus selling (quantitative easing) holdings of bonds is as follows: -

1. Placing the focus on raising Bank Rate as “the active instrument in most circumstances”.
 2. Raising Bank Rate to 0.50% before starting on reducing its holdings.
 3. Once Bank Rate is at 0.50% it would stop reinvesting maturing gilts.
 4. Once Bank Rate had risen to at least 1%, it would start selling its holdings.
- **COVID-19 vaccines.** These have been the game changer which have enormously boosted confidence that **life in the UK could largely return to normal during the summer** after a third wave of the virus threatened to overwhelm hospitals in the spring. With the household saving rate having been exceptionally high since the first lockdown in March 2020, there is plenty of pent-up demand and purchasing power stored up for services in hard hit sectors like restaurants, travel and hotels. The big question is whether mutations of the virus could develop which render current vaccines ineffective, as opposed to how quickly vaccines can be modified to deal with them and enhanced testing programmes be implemented to contain their spread.

US. See comments below on US treasury yields.

EU. The slow roll out of vaccines initially delayed economic recovery in early 2021 but the vaccination rate has picked up sharply since then. After a contraction in GDP of -0.3% in Q1, Q2 came in with strong growth of 2%, which is likely to continue into Q3, though some countries more dependent on tourism may struggle. Recent sharp increases in gas and electricity prices have increased overall inflationary pressures but the ECB is likely to see these as being only transitory after an initial burst through to around 4%, so is unlikely to be raising rates for a considerable time.

German general election. With the CDU/CSU and SPD both having won around 24-26% of the vote in the September general election, the composition of Germany's next coalition government may not be agreed by the end of 2021. An SPD-led coalition would probably pursue a slightly less restrictive fiscal policy, but any change of direction from a CDU/CSU led coalition government is likely to be small. However, with Angela Merkel standing down as Chancellor as soon as a coalition is formed, there will be a hole in overall EU leadership which will be difficult to fill.

China. After a concerted effort to get on top of the virus outbreak in Q1 2020, economic recovery was strong in the rest of the year; this enabled China to recover all the initial contraction. During 2020, policy makers both quashed the virus and implemented a programme of monetary and fiscal support that was particularly effective at stimulating short-term growth. At the same time, China's economy benefited from the shift towards online spending by consumers in developed markets. These factors helped to explain its comparative outperformance compared to western economies during 2020 and earlier in 2021. However, the pace of economic growth has now fallen back after this initial surge of recovery from the pandemic and China is now struggling to contain the spread of the Delta variant through sharp local lockdowns - which will also depress economic growth. There are also questions as to how effective Chinese vaccines are proving. In addition, recent regulatory actions motivated by a political agenda to channel activities into officially approved directions, are also likely to reduce the dynamism and long-term growth of the Chinese economy.

Japan. 2021 has been a patchy year in combating Covid. However, after a slow start, nearly 50% of the population are now vaccinated and Covid case numbers are falling. After a weak Q3 there is likely to be a strong recovery in Q4. The Bank of Japan is continuing its very loose monetary policy but with little prospect of getting inflation back above 1% towards its target of 2%, any time soon: indeed, inflation was negative in July. New Prime Minister Kishida has promised a large fiscal stimulus package after the November general election – which his party is likely to win.

World growth. World growth was in recession in 2020 but recovered during 2021 until starting to lose momentum more recently. Inflation has been rising due to increases in gas and electricity prices, shipping costs and supply shortages, although these should subside during 2022. It is likely that we are heading into a period where there will be a reversal of **world globalisation** and a decoupling of western countries from dependence on China to supply products, and vice versa. This is likely to reduce world growth rates from those in prior decades.

Supply shortages. The pandemic and extreme weather events have been highly disruptive of extended worldwide supply chains. At the current time there are major queues of ships unable to unload their goods at ports in New York, California and China. Such issues have led to mis-distribution of shipping containers around the world and have contributed to a huge increase in the cost of shipping. Combined with a shortage of semi-conductors, these issues have had a disruptive impact on production in many countries. Many western countries are also hitting up against a difficulty in filling job vacancies. It is expected that these issues will be gradually sorted out, but they are currently contributing to a spike upwards in inflation and shortages of materials and goods on shelves.

3.2 Interest rate forecasts

The Council's treasury advisor, Link Group, provided the following forecasts on 29th September 2021 (PWLB rates are certainty rates, gilt yields plus 80bps):

Link Group Interest Rate View		29.9.21								
	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
BANK RATE	0.10	0.10	0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.75
3 month ave earnings	0.10	0.10	0.20	0.20	0.30	0.40	0.50	0.50	0.60	0.70
6 month ave earnings	0.20	0.20	0.30	0.30	0.40	0.50	0.60	0.60	0.70	0.80
12 month ave earnings	0.30	0.40	0.50	0.50	0.50	0.60	0.70	0.80	0.90	1.00
5 yr PWLB	1.40	1.40	1.50	1.50	1.60	1.60	1.60	1.70	1.70	1.70
10 yr PWLB	1.80	1.80	1.90	1.90	2.00	2.00	2.00	2.10	2.10	2.10
25 yr PWLB	2.20	2.20	2.30	2.30	2.40	2.40	2.40	2.50	2.50	2.60
50 yr PWLB	2.00	2.00	2.10	2.20	2.20	2.20	2.20	2.30	2.30	2.40

The coronavirus outbreak has done huge economic damage to the UK and to economies around the world. After the Bank of England took emergency action in March 2020 to cut Bank Rate to 0.10%, it has left the Bank Rate unchanged at its subsequent meetings.

As shown in the forecast table above, one increase in Bank Rate from 0.10% to 0.25% has now been included in quarter 2 of 2022/23, a second increase to 0.50% in quarter 2 of 23/24 and a third one to 0.75% in quarter 4 of 23/24.

Significant risks to the forecasts

- COVID vaccines do not work to combat new mutations and/or new vaccines take longer than anticipated to be developed for successful implementation.
- The pandemic causes major long-term scarring of the economy.
- The Government implements an austerity programme that suppresses GDP growth.
- The MPC tightens monetary policy too early – by raising Bank Rate or unwinding QE.
- The MPC tightens monetary policy too late to ward off building inflationary pressures.
- Major stock markets e.g. in the US, become increasingly judged as being over-valued and susceptible to major price corrections. Central banks become increasingly exposed to the “moral hazard” risks of having to buy shares and corporate bonds to reduce the impact of major financial market sell-offs on the general economy.

- Geo-political risks are widespread e.g. German general election in September 2021 produces an unstable coalition or minority government and a void in high-profile leadership in the EU when Angela Merkel steps down as Chancellor of Germany; on-going global power influence struggles between Russia/China/US.

The balance of risks to the UK economy: -

The overall balance of risks to economic growth in the UK is now to the downside, including residual risks from Covid and its variants - both domestically and their potential effects worldwide.

Forecasts for Bank Rate

Bank Rate is not expected to go up fast after the initial rate rise as the supply potential of the economy has not generally taken a major hit during the pandemic, so should be able to cope well with meeting demand without causing inflation to remain elevated in the medium-term, or to inhibit inflation from falling back towards the MPC's 2% target after the surge to around 4% towards the end of 2021. Three increases in Bank rate are forecast in the period to March 2024, ending at 0.75%. However, these forecasts may well need changing within a relatively short time frame for the following reasons:-

- There are increasing grounds for viewing the economic recovery as running out of steam during the summer and now into the autumn. This could lead into stagflation which would create a dilemma for the MPC as to which way to face.
- Will some current key supply shortages e.g., petrol and diesel, spill over into causing economic activity in some sectors to take a significant hit?
- Rising gas and electricity prices in October and next April and increases in other prices caused by supply shortages and increases in taxation next April, are already going to deflate consumer spending power without the MPC having to take any action on Bank Rate to cool inflation. Then we have the Government's upcoming budget in October, which could also end up in reducing consumer spending power.
- On the other hand, consumers are sitting on around £200bn of excess savings left over from the pandemic so when will they spend this sum, in part or in total?
- There are 1.6 million people coming off furlough at the end of September; how many of those will not have jobs on 1st October and will, therefore, be available to fill labour shortages in many sectors of the economy? So, supply shortages which have been driving up both wages and costs, could reduce significantly within the next six months or so and alleviate the MPC's current concerns.
- There is a risk that there could be further nasty surprises on the Covid front, on top of the flu season this winter, which could depress economic activity.

In summary, with the high level of uncertainty prevailing on several different fronts, it is likely that these forecasts will need to be revised again soon - in line with what the new news is.

It also needs to be borne in mind that Bank Rate being cut to 0.10% was an emergency measure to deal with the Covid crisis hitting the UK in March 2020. At any time, the MPC could decide to simply take away that final emergency cut from 0.25% to 0.10% on the grounds of it no longer being warranted and as a step forward in the return to normalisation. In addition, any Bank Rate under 1% is both highly unusual and highly supportive of economic growth.

Forecasts for PWLB rates and gilt and treasury yields

As the interest forecast table for PWLB certainty rates above shows, there is likely to be a steady rise over the forecast period, with some degree of uplift due to rising treasury yields in the US.

There is likely to be **exceptional volatility and unpredictability in respect of gilt yields and PWLB rates** due to the following factors: -

- How strongly will changes in gilt yields be correlated to changes in US treasury yields?
- Will the Fed take action to counter increasing treasury yields if they rise beyond a yet unspecified level?
- Would the MPC act to counter increasing gilt yields if they rise beyond a yet unspecified level?
- How strong will inflationary pressures turn out to be in both the US and the UK and so impact treasury and gilt yields?
- How will central banks implement their new average or sustainable level inflation monetary policies?
- How well will central banks manage the withdrawal of QE purchases of their national bonds i.e., without causing a panic reaction in financial markets as happened in the “taper tantrums” in the US in 2013?
- Will exceptional volatility be focused on the short or long-end of the yield curve, or both?

The forecasts are also predicated on an assumption that there is no break-up of the Eurozone or EU within our forecasting period, despite the major challenges that are looming up, and that there are no major ruptures in international relations, especially between the US and China / North Korea and Iran, which have a major impact on international trade and world GDP growth.

Gilt and treasury yields

Since the start of 2021, there has been a lot of volatility in gilt yields, and hence PwLB rates. During the first part of the year, US President Biden’s, and the Democratic party’s determination to push through a \$1.9trn (equivalent to 8.8% of GDP) fiscal boost for the US economy as a recovery package from the Covid pandemic was what unsettled financial markets. However, this was in addition to the \$900bn support package already passed in December 2020 under President Trump. This was then followed by additional Democratic ambition to spend further huge sums on infrastructure and an American families plan over the next decade which are caught up in Democrat / Republican haggling. Financial markets were alarmed that all this stimulus, which is much bigger than in other western economies, was happening at a time in the US when: -

1. A fast vaccination programme has enabled a rapid opening up of the economy.
2. The economy had already been growing strongly during 2021.
3. It started from a position of little spare capacity due to less severe lockdown measures than in many other countries. A combination of shortage of labour and supply bottle necks is likely to stoke inflationary pressures more in the US than in other countries.
4. And the Fed was still providing monetary stimulus through monthly QE purchases.

These factors could cause an excess of demand in the economy which could then unleash stronger and more sustained inflationary pressures in the US than in other western countries. This could then force the Fed to take much earlier action to start tapering monthly QE purchases and/or increasing the Fed rate from near zero, despite their stated policy being to target average inflation. It is notable that some Fed members have moved forward their expectation of when the first increases in the Fed rate will occur in recent Fed meetings. In addition, more recently, shortages of workers appear to be stoking underlying wage inflationary pressures which are likely to feed through into CPI inflation. A run of strong monthly jobs growth figures could be enough to meet the threshold set by the Fed of “substantial further progress towards the goal of reaching full employment”. However, the weak growth in August, (announced 3.9.21), has spiked anticipation that tapering of monthly QE purchases could start by the end of 2021. These purchases are currently acting as downward pressure on treasury yields. As the US financial markets are, by far, the biggest financial markets in the world, any trend upwards in the US will invariably impact and influence financial markets in other countries. However, during June and July, longer term yields fell sharply; even the large non-farm payroll increase in the first week of August seemed to cause the markets little concern, which is somewhat puzzling, particularly in the context of the concerns of many commentators that inflation may not be as transitory as the Fed is expecting it to be. Indeed, inflation pressures and erosion of surplus economic capacity look much stronger in the US than in the UK. **As an average since 2011, there has been a 75% correlation between movements in 10 year treasury yields and 10 year gilt**

yields. This is a significant UPWARD RISK exposure to our forecasts for longer term PWLB rates. However, gilt yields and treasury yields do not always move in unison.

There are also possible **DOWNSIDE RISKS** from the huge sums of cash that the UK populace have saved during the pandemic; when savings accounts earn little interest, it is likely that some of this cash mountain could end up being invested in bonds and so push up demand for bonds and support their prices i.e., this would help to keep their yields down. How this will interplay with the Bank of England eventually getting around to not reinvesting maturing gilts and then later selling gilts, will be interesting to keep an eye on.

The balance of risks to medium to long term PWLB rates: -

There is a balance of upside risks to forecasts for medium to long term PWLB rates.

A new era – a fundamental shift in central bank monetary policy

One of the key results of the pandemic has been a fundamental rethinking and shift in monetary policy by major central banks like the Fed, the Bank of England and the ECB, to tolerate a higher level of inflation than in the previous two decades when inflation was the prime target to bear down on so as to stop it going above a target rate. There is now also a greater emphasis on other targets for monetary policy than just inflation, especially on ‘achieving broad and inclusive “maximum” employment in its entirety’ in the US before consideration would be given to increasing rates.

- The Fed in America has gone furthest in adopting a monetary policy based on a clear goal of allowing the inflation target to be symmetrical, (rather than a ceiling to keep under), so that inflation averages out the dips down and surges above the target rate, over an unspecified period of time.
- The Bank of England has also amended its target for monetary policy so that inflation should be ‘sustainably over 2%’ and the ECB now has a similar policy.
- For local authorities, this means that investment interest rates and very short term PWLB rates will not be rising as quickly or as high as in previous decades when the economy recovers from a downturn and the recovery eventually runs out of spare capacity to fuel continuing expansion.
- Labour market liberalisation since the 1970s has helped to break the wage-price spirals that fuelled high levels of inflation and has now set inflation on a lower path which makes this shift in monetary policy practicable. In addition, recent changes in flexible employment practices, the rise of the gig economy and technological changes, will all help to lower inflationary pressures.
- Governments will also be concerned to see interest rates stay lower as every rise in central rates will add to the cost of vastly expanded levels of national debt; (in the UK this is £21bn for each 1% rise in rates). On the other hand, higher levels of inflation will help to erode the real value of total public debt.

4. Treasury Management Strategy Statement and Annual Investment Strategy Update

The Treasury Management Strategy Statement, (TMSS), for 2021/22 was approved by this Council on 23rd February 2021.

There are no policy changes to the TMSS; the details in this report update the position in the light of the updated economic position and budgetary changes already approved.

Prudential Indicator 2021/22	Original £000	Revised Prudential Indicator £000
Authorised Limit	10,000	10,000
Operational Boundary	0	0
Capital Financing Requirement	13,731	10,806

5. The Council's Capital Position (Prudential Indicators)

5.1 Prudential Indicator for Capital Expenditure

This table shows the revised estimates for capital expenditure and the changes since the capital programme was agreed as part of the Budget.

Capital Expenditure by Service	2021/22 Original Estimate £000	Current Position £000	2021/22 Revised Estimate £000
Operational Services	2,841	(287)	1,321
Finance & Assets	986	2	1,439
Total capital expenditure	3,827	(285)	2,760

The forecast capital spend for the year is now lower than planned in the budget. The budget has been increased to reflect the carry forward of capital slippage from 2020/21, the additional Disability Facilities Grant (DFG) that has been awarded to the Council and the new loan facility being offered to East Cambs Community Land Trust (ECCLT) as approved by Full Council on the 29th April 2021.

The revised budget is however expected to be underspent by £2,000,000, this in relation to Waste vehicles. The Council has delayed the purchase of new vehicles while the details of the Government's Waste Strategy become clear and it is now thought unlikely that any vehicles will be received and put into service this year.

5.2 Changes to the Financing of the Capital Programme

The table below draws together the main strategy elements of the capital expenditure plans (above), highlighting the original supported and unsupported elements of the capital programme, and the expected financing arrangements of this capital expenditure. The borrowing element of the table increases the underlying indebtedness of the Council by way of the Capital Financing Requirement (CFR), although this will be reduced in part by revenue charges for the repayment of debt (the Minimum Revenue Provision).

Capital Expenditure	2021/22 Original Estimate £000	2021/22 Revised Estimate £000
Total capital expenditure	3,827	2,760
Financed by:		
Capital receipts	266	664
Capital grants	526	608
CIL / Section 106	89	1,352
Total financing	881	2,624
Borrowing requirement	2,946	136

As well as the underspend on Waste vehicles as in 5.1 above, the borrowing requirement is also reduced as it is now planned to use £1.1 million of CIL funding in 2021/22 to fund historic Leisure Centre building costs, thus reducing the borrowing requirement for this project.

5.3 Changes to the Prudential Indicators for the Capital Financing Requirement (CFR), External Debt and the Operational Boundary

The table below shows the CFR, which is the underlying external need to incur borrowing for a capital purpose. It also shows the expected debt position over the period, which is termed the Operational Boundary.

Prudential Indicator – Capital Financing Requirement

We are on target to achieve the revised Capital Financing Requirement, this having been increased to reflect the additional borrowing as a consequence of the Council's approval of the loan to ECCLT.

Prudential Indicator – the Operational Boundary for external debt

	2021/22 Original Estimate £000	2021/22 Revised Estimate £000
CFR – brought forward	11,178	11,051
CFR – new borrowing	2,946	136
CFR – Minimum Revenue Provision	(393)	(381)
Total CFR	13,731	10,806
Net movement in CFR	2,553	(245)
External Borrowing	0	0
Internal Borrowing	13,731	10,806
Total debt (year end position)	13,731	10,806

5.4 Limits to Borrowing Activity

The first key control over the treasury activity is a prudential indicator to ensure that over the medium term, net borrowing (borrowings less investments) will only be for a capital purpose*. **Gross external borrowing** should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2021/22 and next two financial years. This allows some flexibility for limited early borrowing for future years. The Council has approved a policy for borrowing in advance of need which will be adhered to if this proves prudent.

	2021/22 Original Estimate £000	2021/22 Revised Estimate £000
External Borrowing	0	0
Other long term liabilities	0	0
Total external debt	0	0
CFR (year end position)	13,731	10,806

A further prudential indicator controls the overall level of borrowing. This is **the Authorised Limit** which represents the limit beyond which external borrowing is prohibited and needs to be set and revised by Members. It reflects the level of external borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. It is the expected maximum external borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003.

Authorised limit for external debt	2021/22 Original Indicator £000	2021/22 Revised Indicator £000
External Borrowing	10,000	10,000
Other long term liabilities	0	0
Total	10,000	10,000

6. Borrowing

The Council's capital financing requirement (CFR) predicted for the end of 2021/22 is £13.906 million. The CFR denotes the Council's underlying need to borrow for capital purposes. If the CFR is positive the Council may borrow from the PWLB or the market (external borrowing), or from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions. Table 5.3 shows the Council has no external borrowing and is forecast at yearend to have utilised £13.906 million of cash flow funds in lieu of borrowing. This is a prudent and cost-effective approach in the current economic climate but will require ongoing monitoring in the event that any upside risk to gilt yields prevails.

PWLB maturity certainty rates (gilts plus 80bps) year to date to 30th September 2021

Gilt yields and PWLB rates were on a falling trend between May and August. However, they rose sharply towards the end of September.

The 50 year PWLB target certainty rate for new long-term borrowing started 2021/22 at 1.90%, rose to 2.00% in May, fell to 1.70% in August and returned to 2.00% at the end of September after the MPC meeting of 23rd September.

The current PWLB rates are set as margins over gilt yields as follows: -.

- **PWLB Standard Rate** is gilt plus 100 basis points (G+100bps)
- **PWLB Certainty Rate** is gilt plus 80 basis points (G+80bps)
- **PWLB HRA Standard Rate** is gilt plus 100 basis points (G+100bps)
- **PWLB HRA Certainty Rate** is gilt plus 80bps (G+80bps)
- **Local Infrastructure Rate** is gilt plus 60bps (G+60bps)

7. Compliance with Treasury and Prudential Limits

It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. During the half year ended 30th September 2021, the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy for 2021/22. The Finance Manager reports that no difficulties are envisaged for the current or future years in complying with these indicators.

All treasury management operations have also been conducted in full compliance with the Council's Treasury Management Practices.

8. Annual Investment Strategy

The Treasury Management Strategy Statement (TMSS) for 2021/22, which includes the Annual Investment Strategy, was approved by the Council on 23rd February 2021. In accordance with the CIPFA Treasury Management Code of Practice, it sets out the Council's investment priorities as being:

- Security of capital
- Liquidity
- Yield

The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with the Council's risk appetite. In the current economic climate, it is considered appropriate to keep investments short term to cover cash flow needs, but also to seek out value available in periods up to twelve months with high credit rated financial institutions, using the Link suggested creditworthiness approach, including a minimum sovereign credit rating and Credit Default Swap (CDS) overlay information.

As shown by the interest rate forecasts in section 3.2, it is now impossible to earn the level of interest rates commonly seen in previous decades as all short-term money market investment rates have only risen weakly since Bank Rate was cut to 0.10% in March 2020 until the MPC meeting on 24th September 2021 when six and twelve month rates rose in anticipation of Bank Rate going up in 2022. Given this environment and the fact that Bank Rate may only rise marginally, or not at all, before mid-2023, investment returns are expected to remain low.

Creditworthiness.

Significant levels of downgrades to Short and Long Term credit ratings have not materialised since the crisis in March 2020. In the main, where they did change, any alterations were limited to Outlooks. However, as economies are beginning to reopen, there have been some instances of previous lowering of Outlooks being reversed.

Investment Counterparty criteria

The current investment counterparty criteria selection approved in the TMSS is meeting the requirement of the treasury management function.

CDS prices

Although CDS prices (these are market indicators of credit risk) for banks (including those from the UK) spiked at the outset of the pandemic in 2020, they have subsequently returned to near pre-pandemic levels. **However, sentiment can easily shift, so it remains important to undertake continual monitoring of all aspects of risk and return in the current circumstances.**

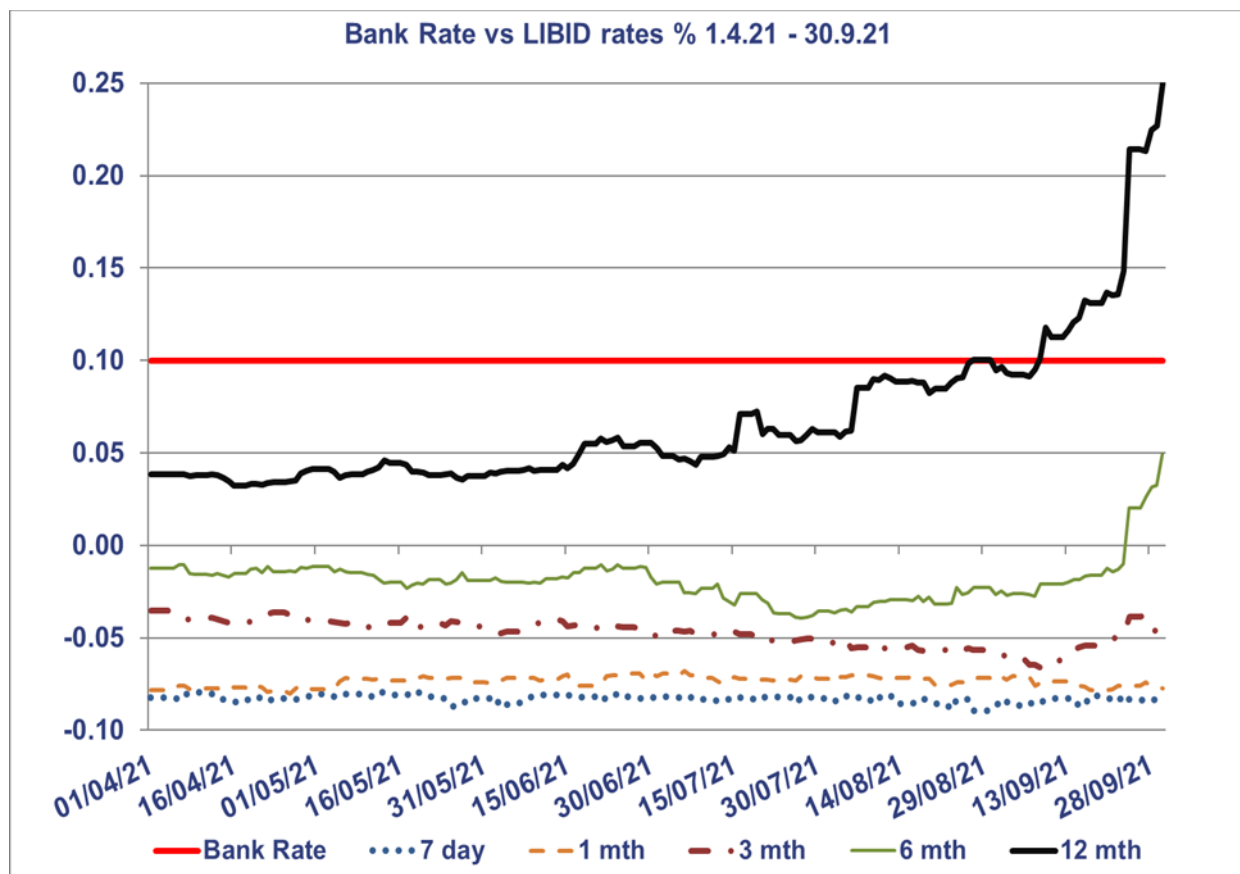
Investment balances

The Council had a fluctuating level of funds available for investment purposes during the first half of the year, the amount carried forward from 2020/21 was £18.865 million and this had risen to £31.990 million at 30th September 2021. These funds were available on a temporary basis, and the level of

funds available was mainly dependent on the timing of precept payments, receipt of grants and other income (such as the money from Cambridgeshire Horizons) and progress on the capital programme.

Investment rates during half year ended 30th September 2021

As highlighted earlier in this report, the levels shown below use the traditional market method for calculating LIBID rates – i.e., LIBOR – 0.125%. Given the ultra-low LIBOR levels this year, this produces negative rates across some periods.



	Bank Rate	7 day	1 mth	3 mth	6 mth	12 mth
High	0.10	-0.08	-0.07	-0.04	0.05	0.25
High Date	01/04/2021	09/04/2021	06/07/2021	01/04/2021	30/09/2021	30/09/2021
Low	0.10	-0.09	-0.08	-0.07	-0.04	0.03
Low Date	01/04/2021	27/08/2021	26/04/2021	08/09/2021	27/07/2021	16/04/2021
Average	0.10	-0.08	-0.07	-0.05	-0.02	0.07
Spread	0.00	0.01	0.01	0.03	0.09	0.22

Fund investments

The full list of investments at the 30th September 2021 are detailed in the table below.

Borrower	Principle	Interest Rate
MMF BlackRock	£5,000,000	0.01%
MMF Insight	£5,000,000	0.00%
MMF Aberdeen	£5,000,000	0.01%
MMF Goldman Sachs	£5,000,000	0.00%
Lloyds (BOS)	£5,000,000	0.03%
Santander	£4,000,000	0.45%
NatWest PLC (RFB)	£2,986,393	0.01%
Total	£31,986,393	

The Finance Manager confirms that the approved limits within the Annual Investment Strategy were not breached during the half-year ended 30th September 2021.

Approved limits

The Finance Manager can confirm that the approved limits within the Annual Investment Strategy were not breached during the period ended 30th September 2021.

EAST CAMBRIDGESHIRE CYCLING AND WALKING STRATEGY

Committee: Finance & Assets Committee

Date: 25 November 2021

Author: Infrastructure and Strategy Manager

[W111]

1.0 ISSUE

1.1 To approve the East Cambridgeshire Cycling and Walking Strategy document.

2.0 RECOMMENDATIONS

2.1 Members are requested to:

- i) Approve the draft East Cambridgeshire Cycling and Walking Strategy document, attached as Appendix 1 to this report, with any minor editorial or presentation improvements delegated to officers, in consultation with the Chairman of Finance & Assets Committee.

3.0 BACKGROUND

3.1 A public consultation was held in 2020 asking people to identify new cycling and walking routes which the Council could prioritise to complete gaps in the network, especially those that will encourage more local walking and cycling journeys to access places of education, employment, health care, public transport and essential services.

3.2 Via the consultation questionnaire, the Council also asked residents where they would like to walk or cycle to but cannot because the path is in disrepair, there is street clutter obstructing the footpaths or there is insufficient street lighting, or because there is not safe crossing point in the route.

3.3 1,186 questionnaire responses relating to cycle routes were received, 44 emails containing comments were received via the buscyclewalk@eastcambs.gov.uk email address and a number of cycling related comments were received by the Council via the Climate Change Ideas Forum.

3.4 866 questionnaire responses relating to walking routes were received, 44 emails containing comments were received via the buscyclewalk@eastcambs.gov.uk email address and a number of walking

related comments were received by the Council via the Climate Change Ideas Forum.

- 3.5 The East Cambridgeshire Cycling and Walking Strategy document (Appendix 1) contains maps that illustrate the consultation responses and the demand for new routes and services.
- 3.6 A list of priority routes has been developed so that the Council has a set of schemes that are ready to submit when funding becomes available. The list can be found on page 8 of the draft document at Appendix 1.
- 3.7 The Council has prioritised routes that:
- Link villages to market towns in the district.
 - Link villages with no public transport to larger villages where they can access services.
 - Provide links to public transport to enable buses and trains to replace the car as an alternative for longer journeys.
 - Can be linked to other existing or proposed paths to lengthen the route available. For example, the Greenways being created by the Greater Cambridge Partnership will provide links from Bottisham and the Swaffhams into Cambridge.
 - Are included in the Cambridgeshire Local Cycling and Walking Infrastructure Plan (LCWIP) as the Government has indicated that it will only fund cycling and walking infrastructure that is included in LCWIP'.
- 3.8 In addition to providing new cycling and walking paths/routes, it is important to ensure existing infrastructure for cycling and walking is fit for purpose and free from clutter.
- 3.9 The District Council has recently forwarded the consultation responses which relate to disrepair or other maintenance issues to Parish Councils in order to compile an up to date list of routes where there are issues with existing paths.
- 3.10 This list has been forwarded to Cambridgeshire County Council, with a request that these be addressed as soon as possible.
- 3.11 Lack of safe crossing points is a barrier to cycling and walking and the District Council believes that crossing points should be considered an integral part of a footpath/ cycle path and that they should be delivered together, not as separate projects.
- 3.12 There are several areas where a crossing is required in East Cambridgeshire, including at the A10 Witchford Road/BP roundabout and the A142 at Stuntney. The District Council will continue to work with partners to ensure delivery of safe crossing points.

4.0 CONCLUSIONS

- 4.1 Delivery of the proposed cycling and walking network is reliant on the availability of external funding and the Council will need to work with partner organisations to secure funding and deliver new cycling and walking infrastructure.
- 4.2 To progress this, the Council has identified five cycling routes and has commissioned Sustrans, the charity making it easier for people to walk and cycle, to produce feasibility studies for these routes.
- 4.3 The studies will develop early work to understand possible costs and benefits of potential interventions and ensure proposals clearly align with national policy. This information will be used to seek funding from external sources to enable delivery of the schemes.

5.0 FINANCIAL IMPLICATIONS/EQUALITY IMPACT ASSESSMENT

- 5.1 There are no additional financial implications arising from this report.
- 5.2 Equality Impact Assessment (INRA) not required.
- 5.3 Carbon Impact Assessment (CIA) not required.

6.0 APPENDICES

- 6.1 Appendix 1: Draft East Cambridgeshire Cycling and Walking Strategy document.

<u>Background Documents</u>	<u>Location</u>	<u>Contact Officer</u>
None	The Grange, Ely	Infrastructure and Strategy Manager (01353) 616451 sally.bonnett@eastcambs.gov.uk

ECDC BUSINESS GROWTH FUND

Committee: Finance & Assets Committee

Date: 25 November 2021

Author: Business Development Manager

[W112]

1.0 **ISSUE**

1.1 To consider the criteria and decision matrix for the ECDC Business Growth Fund.

2.0 **RECOMMENDATION(S)**

2.1 Members are requested to:

- (i) Approve the criteria for the ECDC Business Growth Fund as set out in Appendix 1; and
- (ii) Approve the draft decision matrix as set out in Appendix 2.

3.0 **BACKGROUND/OPTIONS**

3.1 Members will be aware that the government has allocated funds to the Council that enabled businesses to receive essential funding throughout the COVID-19 pandemic.

3.2 This report focuses on the Additional Restrictions Grant (ARG) that was paid to the Council and enabled the payment of discretionary grants to businesses. Guidance was provided to Council's on how such payments should be administered.

3.3 The Council administered 6 rounds of ARG. At the end of the 6 rounds the Council holds a balance of £616,425. In line with the current government guidance the Council is able to make grants to business to accelerate business growth in the district.

3.4 The Council is required to spend the ARG by the end of March 2022. Any unspent balance will need to be returned to government.

4.0 **ARGUMENTS/CONCLUSIONS**

4.1 The Council has paid out grants to all businesses that have qualified for previous rounds of ARG during all periods of lockdowns or restrictions due to COVID-19. Restrictions have now been lifted and in deciding how to spend the

remaining funds, Officers have completed desk top research to establish how other authorities are utilising their remaining ARG funds.

4.2 It is proposed that the Council welcomes applications from businesses that are seeking to accelerate the growth of their East Cambridgeshire Businesses and are in a position to do this during 2022. The criteria and decision matrix are set out in Appendix 1 and 2 of this report.

4.3 Members are recommended to approve the criteria and decision matrix at Appendix 1 and 2 and welcome applications from midday on 1 December 2021 to 5pm on 12 January 2022.

5.0 FINANCIAL IMPLICATIONS/EQUALITY IMPACT ASSESSMENT/CARBON IMPACT ASSESSMENT

5.1 Successful applications will be paid from the ARG funds that are held by the Council.

5.2 Equality Impact Assessment (EIA) not required.

5.3 Carbon Impact Assessment not required.

6.0 APPENDICES

6.1 Appendix 1- ECDC Business Growth Fund Criteria

Appendix 2- ECDC Business Growth Fund Decision Matrix

Background Documents

ARG Guidance- BEIS

Location

The Grange,
Ely

Contact Officer

Martin Smith
Business Development Manager
(01353) 665555
E-mail:
martin.smith@eastcambs.gov.uk

ECDC BUSINESS GROWTH FUND

Introduction

East Cambridgeshire District Council (ECDC) is committed to supporting businesses looking for help to scale up and grow as the district emerges from the COVID-19 Pandemic.

From 1 December 2021 business owners can apply for financial support from ECDC's Business Growth Fund; funded by the Government's Additional Restrictions Grant Scheme.

These guidance notes are provided to help you understand the aims of ECDC's Business Growth Fund and how you can make an application for a grant.

Overview of ECDC Business Grant Fund

ECDC welcomes applications for a one-off grant of up to £30,000. This grant is available to businesses and organisations trading within East Cambridgeshire who are seeking to take steps to recover from the impact of COVID-19, by accelerating growth and long-term sustainability.

Applicants are advised to apply as soon as possible and should be aware that ECDC has access to limited funds from Government for this scheme.

Applications for this fund will close at 5pm on 12 January 2022.

All applications that meet the criteria (set out below) will be assessed by ECDC Officers. Successful applicants will be notified as soon as practicable after the application deadline closes.

Scheme Priorities

ECDC want to help accelerate sustainable business growth with applicants that have:

- Suspended growth plans as a direct result of the COVID-19 pandemic, especially within sectors not previously supported by other schemes
- Ambition to rapidly develop ideas into commercially viable and sustainable growth in 2022
- Viable 'market ready' initiatives, financially backed by owners and other funders where needed
- Ambition to recruit and train additional staff including new apprentices in 2022

Funding Criteria

Businesses can apply for funding towards the following (this list is not exhaustive):

- Purchase of assets which will make the business more efficient

- Costs of additional operational assets such as IT, R & D, and manufacturing equipment
- Costs of diversification of existing product line or business activity
- Relocation of business operations within East Cambridgeshire
- Low carbon initiatives and transition
- Professional advice including training and skills development
- Repurposing safe working/business space as employees return to work

Applications will rank higher in assessment if aligned to one or more of the following:

- Supporting job creation and increased productivity
- Increasing skills and training, especially apprenticeships
- Improvements to business resilience and sustainability
- Commitment to Net Zero and a green approach to the business model
- Projects relating to upscaling/improving operations including property enhancement

Indicative Grant Values

Forecast Turnover 2022	Indicative Grant Range
£20,000-£100,000	May receive up to £10,000
£100,001-£150,000	May receive up to £15,000
£150,001-£250,000	May receive up to £20,000
£250,001-£350,000	May receive up to £25,000
£350,001+	May receive up to £30,000

Who can apply?

Applicants must be:

- An East Cambridgeshire based start-up business which is looking to grow rapidly and remain fully operational within East Cambridgeshire, or an established East Cambridgeshire based Micro or SME business which is able to demonstrate ambitious growth plans and a commitment to remain fully operational within East Cambridgeshire
- A sole trader, partnership or SME with a turnover not exceeding £5.0m annually

Exclusions to the ECDC Business Growth Fund

The following are ineligible for the ECDC Business Growth Fund:

- Businesses that have already received grant payments that, singularly or cumulatively, equal the maximum permitted levels of Public Subsidy (previously State Aid)
- Business intermediaries acting on behalf of other businesses
- Partnerships or businesses with a registered address in East Cambridgeshire but are not operational/trading within East Cambridgeshire

- Partnerships or businesses that only exist to operate investment funding and other types of finance
- Businesses that are in administration, insolvent or where a striking-off notice has been made
- Businesses planning to repay loans or debts using this grant
- Businesses planning to use the funding as a wage support mechanism

How to apply

Applicants must complete an online application form [insert website details] which will include a business/project plan clearly demonstrating:

- The amount of grant required (see indicative grant values above)
- Growth ambitions
- Explanation of how the grant will be used and the how this links with the priorities identified above
- Clear evidence of the applicants' ability to achieve sustainable business growth
- That grants will be used for initiatives that are deliverable in 2022
- The overall benefit to East Cambridgeshire's economy

Applicants will also be asked to provide the following:

- Established businesses (those trading for 2 years or longer) must submit their last 2 full years of management accounts as well as their business plan and supporting data
- Start-up businesses must attach their business plan and 3-5 year growth forecasts and/or evidence of current and imminent sales/revenue/client base, including detail of other (seed) funding or grants received and/or to be received imminently
- All applicants must include a short executive summary which is self-explanatory as to why they should be awarded a grant. Note: Clarity is important as is the need to avoid industry specific jargon or highly technical narrative.

Submissions and Award Process

Applications must be submitted via ECDC's website form at [insert website details].

The application deadline is 5pm on 12 January 2021. Applications cannot be considered after this time.

Applications will be assessed upon the strength of the business plan with supporting data, alignment to scheme priorities/criteria (outlined above) and the amount of grant being sought (see indicative grant values above).

The application process will allow ECDC to undertake proportionate pre-payment checks to confirm eligibility and to allow the appropriate level of grant to be identified.

The applicant will also be required to agree to provide future evidence that demonstrates how the grant has enabled them to meet their submitted business plan objectives. This evidence is required to be provided within 12 months of the grant award. ECDC reserves the right to claw back any grant that has not been applied for the purposes set out in an application.

All applications will be assessed by the Economic Development Team and approved by the Business Development Manager.

Successful applicants will be contacted as soon as practicable after the closing date.

Other Information

Managing the risk of fraud

The Council will not accept deliberate manipulation or fraud and any business caught falsifying their records to gain grant money may face prosecution and any funding issued will be subject to claw back, as may any grants paid in error. All information is subject to internal and external audit checks.

Sharing Information

East Cambridgeshire District Council will share data for efficient system administration and to protect the Public Purse, subject to the GDPR. This will include sharing data with Anglia Revenues Partnership, Central Government and other Local Authorities. Grant recipients may be contacted for research purposes, and their data will be shared with BEIS for research and evaluation purposes.

By applying for the ECDC Business Growth Fund all applicants give authority to East Cambridgeshire District Council to share data for efficient system administration and to protect the Public Purse, subject to the GDPR. This will include sharing data with Anglia Revenues Partnership, Central Government and other Local Authorities. Grant recipients may be contacted for research purposes, and their data will be shared with BEIS for research and evaluation purposes.

Grant income

Grant income received by a business is taxable, therefore funding paid under the ECDC Business Growth Fund will be subject to tax. Only businesses which make an overall profit once grant income is included will be subject to tax.

ECDC BUSINESS GROWTH FUND

DECISION MATRIX

The eligibility criteria are set out in the grant scheme guidance.

However, we highlight that no application will be considered further where:

1. Details of the applicants, full name, business trading address and contact information is missing,
2. A business plan and executive summary has not been submitted,
3. The business is ineligible for the reasons set out in the scheme guidance 'Exclusions to the ECDC Business Growth Fund',
4. The applicant's turnover, including group or subsidiary income, exceeds £5m per annum,
5. Businesses have already received grant payments that equal the maximum permitted levels of subsidy,
6. Businesses that are in administration, insolvent or where a striking-off notice has been made, or
7. The application is submitted after the grant scheme closure deadline of 5pm on 12 January 2022.

Decision Weighting Criteria

Application Consideration	Weighting	Score
Provision of detailed business plan with clearly written executive summary	25%	
Application meets multiple eligible funding criteria	25%	
Application demonstrates Improvement to post covid business resilience	15%	
Application demonstrates clear alignment to increases in skills and training within East Cambs	15%	
Evidence of clear alignment to job creation and increased productivity within East Cambs	10%	
Plans that demonstrate commitment to sustainable growth and retention of operations in East Cambs	10%	

CPCA MASTERPLANS UPDATE

Committee: Finance & Assets Committee

Date: 25 November 2021

Author: Business Development Manager

[W113]

1.0 **ISSUE**

1.1 To receive an update relating to the CPCA Masterplans for Ely, Littleport and Soham.

2.0 **RECOMMENDATION(S)**

2.1 Members are requested to note the update provided in this report.

3.0 **BACKGROUND/OPTIONS**

3.1 In 2020 the Cambridgeshire & Peterborough Combined Authority (CPCA) allocated capital funding of £1,000,000 per Market Town to support COVID-19 recovery and/or growth of each Market Town.

3.2 Members will recall that the Finance & Assets Committee approved the submission of draft Masterplans for Ely, Littleport and Soham to the CPCA and that these approved Masterplans would be used as the evidence base for each bid submitted.

3.3 The CPCA deadline for MTP funding applications is March 2022, with approved project completion(s) by no later than March 2023.

3.4 Independent consultants were commissioned to carry out the evidence-based studies and engaged with a broad range of local business and community stakeholders, including the public. The CPCA's criteria for funding projects were thoroughly explored, including cost parameters, timescales (deliverability), and relevance to ECDC's approved market town plans.

3.5 **Littleport**

Officers are working with Littleport Members and stakeholders to compile a bid that meets the aims of the Littleport Vision. It is anticipated that a bid will be submitted to the CPCA assessment team in early 2022.

3.6 **Soham**

The table below identifies the bids that have been approved by CPCA Board.

Bid	Outline	Amount	Note
Evidence Based Town Centre Recovery Strategy	Commissioned study as part of wider connected interventions embedded in the <i>Soham Markets Town Plan</i> to support the local authority in delivering cohesive response to economic recovery and future growth	£20,000	Complete
Accelerated Digital Connectivity	Installation of additional access points to significantly extend the town's free public Wi-fi network	£95,000	In Progress
Town Centre COVID-19 Recovery Interventions	Investment in infrastructure, signage and street furniture to encourage footfall, visitor access, confidence and enjoyment	£85,000	Complete

(Approved Bids, Soham)

The table below identifies the bids that are due to be submitted to the CPCA.

Bid	Outline	Amount
Cycleway from Soham to Wicken	Meets the priority of delivering green infrastructure. Sustrans is currently refreshing the feasibility study. A bid will be submitted to the CPCA in March 2022.	£330,000- £380,000
Agri-Tech Business Growth	Officers have worked with independent consultants, business and CPCA to develop a bid that, if approved, would provide match funding for a training centre/training facility in the Agri-Tech industry A bid has been submitted to the CPCA and may be considered by CPCA Board in November 2021.	£145,000
Spencer Mill, Soham-Phase 2.	Officers are working with independent consultants, VIVA and CPCA to develop a bid that, if approved, would support development of flexible work space in Soham. The bid will be considered by CPCA Board in January 2022.	£275,000- £325,000

(Proposed Bids, Soham)

3.7 Ely

Bid	Outline	Amount	Note
Evidence Based Town Centre	Commissioned study as part of wider connected interventions embedded in the Ely Masterplan	£20,000	Complete

Recovery Strategy	to support the local authority in delivering cohesive response to economic recovery and future growth		
City Centre COVID-19 Recovery Interventions	Investment in infrastructure, signage and street furniture to encourage footfall, visitor access, confidence and enjoyment	£105,000	Complete
Accelerated Digital Connectivity	Installation of additional access points to significantly extend the free public Wi-fi network	£195,000	Complete
Improve Access and Footfall Progression through City- Steeple Row	Improve appeal and safety of major footfall between Ely Cathedral Area and the High Street resulting in improved footfall between the two destinations	£96,000	In progress
Digital Signage	The provision of wayfinding & digital signage around the City of Ely	£240,000	In progress

(Approved Bids, Ely)

The table below identifies the bids that are due to be submitted to the CPCA.

Bid	Outline	Amount
City Street Upgrades- Round 2	Builds on the success of improving infrastructure, signage and street furniture to encourage footfall, visitor access, confidence and enjoyment. The bid will be considered by CPCA Board in November 2021.	£124,000
City Centre Enhancement Fund	If approved this will enable businesses in Ely to apply to ECDC for capital improvements to their business to support COVID-19 recovery. The bid will be considered by CPCA Board in November 2021.	£100,000
CCTV Phase 2 & 3	This bid will be submitted on behalf of City of Ely Council and focuses on extending the CCTV network in the City of Ely. The bid will be considered by CPCA Board in November 2021.	£120,000

(Proposed Bids, Ely).

- 3.8 If all of the bids identified above are approved then this will mean that the Council has been awarded the full £1,000,000 for Ely and Soham. In the event that any bid is not approved by the CPCA then the Council will submit bids that meet the aims and objectives of the relevant Market Town.

4.0 ARGUMENTS/CONCLUSIONS

4.1 Members are recommended to note the update provided.

5.0 FINANCIAL IMPLICATIONS/EQUALITY IMPACT ASSESSMENT/CARBON IMPACT ASSESSMENT

5.1 There are no financial implications arising from this update report. All of the bids approved have been funded by the CPCA. All the bids in consideration, if approved, will be funded by the CPCA.

5.2 Equality Impact Assessment (EIA) not required.

5.3 Carbon Impact Assessment (CIA) not required.

6.0 APPENDICES

6.1 None

<u>Background Documents</u>	<u>Location</u>	<u>Contact Officer</u>
Ely Masterplan Littleport Vision Soham Masterplan	The Grange, Ely	Martin Smith Business Development Manager (01353) 665555 E-mail: martin.smith@eastcambs.gov.uk

FINANCE REPORT

Committee: Finance & Assets Committee

Date: 25th November 2021

Author: Finance Manager

[W114]

1. ISSUE

- 1.1 This report provides Members with budget monitoring information for services under the Finance & Assets Committee and then, as part of its corporate remit, for the Council as a whole.

2. RECOMMENDATION (S)

- 2.1 Members are requested to note:

- this Committee has a projected yearend underspend of £197,560 when compared to its approved revenue budget of £5,517,792.
- that overall the Council has a projected yearend underspend of £401,793 when compared to its approved revenue budget of £14,310,015.
- that the overall position for the Council on Capital is a projected outturn of £2,760,444, which is an underspend of £2,000,000 compared to the revised budget.

3. BACKGROUND / OPTIONS

- 3.1 Under Financial Regulations, each policy committee is required to consider projections of financial performance against both its revenue and capital budget on a quarterly basis, with this Committee further considering the overall Council position.
- 3.2 This is the second report for the 2021/22 financial year and details actual expenditure incurred and income received as at 30th September 2021 and projections as to the yearend position at this time.
- 3.3 Appendix 1 details the overall revenue position for both this Committee and the Council overall. In appendix 1 the budgets under the stewardship of this Committee are shown in detail, with then the position for the Operational Services Committee and the funding lines shown in summary.
- 3.4 The detailed revenue position for the Operational Services Committee is shown in appendix 2. The net position is that the Committee will come in £157,500 underspend at yearend due to underspends in Planning, Community Projects

& Grants, Customer Services & Homelessness and a overspend in Travellers Expenditure on the site maintenance. Further detail is included in the budget monitoring report to Operational Services Committee on the 15th November 2021.

3.5 With regard to Finance & Assets Committee, the significant variances of actual spend compared to profiled budgeted spend at the end of September 2021, where no yearend variance is being reported, are detailed below:

Service	Variance £	Explanation
Corporate Management Financial Services	(£125,655) (£41,695)	These budgets have accruals from 2020/21 (including External Audit costs) that remain unpaid.
Cost of Other Elections	£236,736	This relates to payments in advance for the Mayoral Election which will be recovered from the Combined Authority.
Local Elections	(£18,244)	Rolled forward balances from a previous financial year have not yet been resolved, but are expected to be by the end of quarter three.
Office Accommodation	£13,301	Premises asset management costs will be matched by budget allocations at the end of the year from the Asset Management cost centre.
Parking of Vehicles	£8,045	The overspend is due to reduced levels of income in the first half of the year as the impact of the pandemic continued. However, the Government compensation scheme remained in place for the first quarter of 2021/22 and the Council will be making a claim against this in due course. On the positive side, there has been a reduction in rates paid, as a result of additional Covid reliefs offered by Government.
Payroll	£17,706	Additional IT License costs plus consultants in the first half of 2021/22.
Registration of Electors	(£36,651)	Roll over of income from 2020/21 to fund future work.
COVID-19	(£206,845)	This relates to ringfenced Government grants that have been received and will be either forwarded on to businesses or returned at the end of the financial year.

3.6 Explanations for the forecast yearend variances reported for this Committee are detailed in the table below:

Service	Variance £	Explanation
Civic Relations	(5,000)	There will be no civic reception this year, therefore resulting in saving.
Economic Development	(£25,000)	Occupancy levels at the e-space centres has been maintained in the first half of 2021/22, despite concerns surrounding the Covid-19 pandemic. The budget had been reduced to allow for some empty units at the sites.
Housing Benefit	(£60,960)	Up-dated figures on Housing Benefit payments in the District have shown a reduction in recent months.
Housing Strategic	(£16,000)	Underspend on staffing during the first six months of the year.
Interest and Financial Transactions	(£42,500)	Interest receipts are now expected to be higher than budgeted, mainly as the result of ECTC drawing down their full loan on the 31 st March 2021.
Land Charges Admin	(£25,000)	Increased income received during the first half of the year.
Local Plans	(£10,000)	We have negotiated a settlement of an old invoice from 2019/20. This has resulted in a saving of £10k in this financial year
Management Team	£20,000	The secondment of senior staff to the Combined Authority ended earlier than anticipated when we prepared the budget, which has resulted in reduced income in 2021/22.
Member & Committee Support	(£15,000)	Staff savings in the first half of the year due to vacancies.
Miscellaneous Finance	(£11,300)	More leisure centre capital costs were met from CIL in 2020/21 than forecast, which has resulted in reduced debt costs in the current year.
Public Conveniences	(£16,800)	There is a saving on public conveniences business rates as such properties have been deemed by Government to be zero rated moving forward.

Other Government Grants	(£50,000)	We have been given extra administration (new burden) funding this year to facilitate the Government Covid-19 business grants scheme.
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Capital

- 3.7 The Council's capital programme for 2021/22 (appendix 3) has had £461,301 slippage from 2020/21 applied. The Council has further been awarded £608,471 of disability facilities grant in 2021/22, this is £81,894 more than expected when the budget was set. This has been added to the budget as additional funding.
- 3.8 The revised capital programme for the Council is therefore £4,760,444. The current forecast for spend against this programme is £2,760,444, an underspend of £2,000,000 this in relation to Waste vehicles. While we await final details of the Government's Waste Strategy, capital spending on Waste vehicles has been delayed, and with lead times between order and receipt of such vehicles around twelve months, it is now highly unlikely that any of the Waste vehicles capital budget will be spent in 2021/22.

4 ARGUMENTS / CONCLUSIONS

- 4.1 The projected net revenue expenditure for the Council is forecast to be £13,958,222 in 2021/22, before Funding. Once Funding is taken into account, this results in a forecast underspend of £401,793 compared to the Council's approved budget.
- 4.2 The projected Capital Outturn for the Council stands at £2,760,444. This is an underspend of £2,000,000 when compared to the revised budget.

5 FINANCIAL IMPLICATIONS / EQUALITY AND CARBON IMPACT ASSESSMENTS

- 5.1 There is a revenue underspend of £401,793 compared to this Council's approved budget, all things being equal, this will be moved into the Surplus Savings Reserve at yearend and provide additional budget support in future years.
- 5.2 Equality Impact Assessment (INRA) not required.
- 5.3 Carbon Impact Assessment (CIA) not required.

6 APPENDICES

- Appendix 1 – Summary Budget Monitoring – September 2021
- Appendix 2 – Operational Services Budget Monitoring – September 2021
- Appendix 3 – Capital Budget Monitoring – September 2021
- Appendix 4 – Reserve Balances – September 2021

<u>Background Documents</u>	<u>Location</u>	<u>Contact Officer</u>
Council Budget as approved by Council on the 23 rd February 2021	Room 104 The Grange Ely	Ian Smith Finance Manager Tel: (01353) 616470 E-mail: ian.smith@eastcambs.gov.uk

FINANCE & ASSETS COMMITTEE BUDGET MONITORING REPORT - 30th September 2021

	Total Budget 2021-22	Profiled Budget to 30 September 2021	Actual to 30 September 2021	Variance	Projected Outturn	Variance between Total Budget & Projected Outturn	Last Qtr Variance between Total Budget & Projected Outturn
Revenue	£		£	£	£	£	£
Asset Management	141,918	--	(6,940)	6,940	141,918	--	--
Award Ditches	9,006	4,503	3,084	(1,419)	9,006	--	--
Civic Relations	22,542	11,278	7,593	(3,685)	17,542	(5,000)	--
Closed Churchyards	29,668	14,834	15,316	482	29,668	--	--
Community Safety	--	--	--	--	--	--	--
Community Transport	15,000	--	--	--	15,000	--	--
Corporate Management	274,503	58,233	(67,422)	(125,655)	274,503	--	--
Cost of Other Elections	--	--	236,736	236,736	--	--	--
Council Tax Accounting	423,191	185,039	178,218	(6,821)	423,191	--	--
Crematorium	--	--	9,190	9,190	--	--	--
Data Management	100,992	50,500	43,338	(7,162)	100,992	--	--
Depot Services	(66,300)	(33,150)	(33,150)	--	(66,300)	--	--
Economic Development	31,649	24,226	(32,403)	(56,629)	6,649	(25,000)	--
Financial Services	347,842	168,537	126,842	(41,695)	347,842	--	--
General Gang	82,556	26,748	22,351	(4,397)	82,556	--	--
Health & Safety (Work)	22,566	4,000	--	(4,000)	22,566	--	--
Housing Benefits	336,367	168,183	442,776	274,593	275,407	(60,960)	--
Housing Strategic	229,737	179,869	85,028	(94,841)	213,737	(16,000)	--
Human Resources	209,337	126,702	137,266	10,564	209,337	--	--
Interest & Financial Transactions	(31,859)	(21,234)	7,978	29,212	(74,359)	(42,500)	--
Internal Audit	72,822	35,099	34,411	(688)	72,822	--	--
Land Charges Admin	(41,268)	(19,534)	(61,822)	(42,288)	(56,268)	(15,000)	(15,000)
Legal	240,531	115,415	118,185	2,770	240,531	--	--
Local Elections	22,500	--	(18,244)	(18,244)	22,500	--	--
Local Plans	95,000	47,500	(33,637)	(81,137)	85,000	(10,000)	--
Management Team	364,685	120,247	168,636	48,389	384,685	20,000	20,000
Member & Committee Support	531,290	266,430	244,586	(21,844)	516,290	(15,000)	--
Miscellaneous Properties	(45,157)	(22,007)	(24,276)	(2,269)	(45,157)	--	--
Miscellaneous Finance	761,012	577,074	599,486	22,412	749,712	(11,300)	(11,300)
Museums - Old Gaol House	--	364	261	(103)	--	--	--
NNDR Collection Costs	45,170	73,105	68,865	(4,240)	45,170	--	--
Office Accomodation	354,203	260,005	273,306	13,301	354,203	--	--
Oliver Cromwell House	--	--	--	--	--	--	--
Out Of Hours call out Service	12,000	6,000	1,769	(4,231)	12,000	--	--
Parking Of Vehicles	64,131	108,059	116,104	8,045	64,131	--	--
Parks And Gardens Team	334,862	313,881	333,834	19,953	334,862	--	--
Payroll	70,665	35,252	52,958	17,706	70,665	--	--
Public Conveniences	154,013	83,500	68,835	(14,665)	137,213	(16,800)	(16,800)
Refuse Collection	--	--	11,408	11,408	--	--	--
Registration of Electors	53,371	26,686	(9,965)	(36,651)	53,371	--	--
Reprographics	116,170	57,295	47,516	(9,779)	116,170	--	--
Sport & Recreation	133,077	43,730	16,548	(27,182)	133,077	--	--
Covid 19	--	--	(206,845)	(206,845)	--	--	--
Finance & Assets Committee Total	5,517,792	3,096,369	2,977,720	(104,769)	5,320,232	(197,560)	(23,100)
Operational Services Committee	5,558,994	2,875,346	(1,658,152)	(4,533,498)	5,401,494	(157,500)	--
Other Spend							
Parish Precepts	2,521,330	2,521,330	2,521,330	--	2,521,330	--	--
Internal Drainage Boards	512,018	253,370	253,370	--	515,285	3,267	--
Movement in Corporate Reserves	199,881	--	--	--	199,881	--	--
Revenue Budget Total	14,310,015	8,746,415	4,094,268	(4,638,267)	13,958,222	(351,793)	(23,100)
Funding							
Council Tax	(6,805,967)	--	--	--	(6,805,967)	--	--
Revenue Support Grant	(11,829)	(5,644)	(3,193)	2,451	(11,829)	--	--
Business Rates	(4,140,702)	(66,000)	(58,303)	7,697	(4,140,702)	--	--
Other Government Grants (NHB / RSG etc.)	(1,278,869)	(869,410)	(1,037,910)	(168,500)	(1,328,869)	(50,000)	(50,000)
Budgeted draw from Surplus Savings Reserve	(2,072,648)	--	--	--	(2,072,648)	--	--
	(14,310,015)	(941,054)	(1,099,406)	(158,352)	(14,360,015)	(50,000)	(50,000)
Revenue Total	--	7,805,361	2,994,862	(4,796,619)	(401,793)	(401,793)	(73,100)

OPERATIONAL SERVICES COMMITTEE BUDGET MONITORING REPORT - September 2021

Revenue	Total Budget 2021-22	Profiled Budget to 30 September 2021	Actual to 30 September 2021	Variance	Projected Outturn	Current variance between Total Budget & Projected Outturn	Variance between Total Budget & Projected Outturn - June
	£	£	£	£	£	£	£
Building Regulations	17,696	7,423	(1,476)	(8,899)	17,696		
CIL	--	--	(3,615,864)	(3,615,864)	--		
Civic Amenities Act	11,671	4,585	4,558	(27)	11,671		
Climate Change	100,000	50,000	30,455	(19,545)	100,000		
Community Projects & Grants	179,585	69,067	104,795	35,728	159,585	(20,000)	
Community Safety	57,002	26,866	(13,326)	(40,192)	57,002		
Cons.Area & Listed Buildings	60,967	30,484	32,754	2,270	60,967		
Customer Services	460,037	236,009	223,753	(12,256)	447,537	(12,500)	
Dog Warden Scheme	34,443	17,346	16,039	(1,307)	34,443		
Ely Markets	--	--	--	--	--		
Emergency Planning	28,374	3,958	11,196	7,238	28,374		
Environmental Issues	91,486	40,344	47,249	6,905	91,486		
Health - Admin. & Misc.	410,201	198,165	197,795	(370)	410,201		
Homelessness	343,080	2,674	(728,671)	(731,345)	318,080	(25,000)	(10,000)
IT	801,664	471,882	462,820	(9,062)	801,664		
Leisure Centre	(241,113)	6,500	1,097	(5,403)	(241,113)	--	--
Licencing	2,499	1,415	(23,519)	(24,934)	2,499		
Marketing & Grants	70,094	50,657	44,676	(5,981)	70,094		
Neighbourhood Panels	1,500	750	--	(750)	1,500		
Nuisance Investigation	75,315	37,657	40,066	2,409	75,315		
Performance Management	10,400	5,200	--	(5,200)	10,400		
Pest Control	9,341	4,670	4,522	(148)	9,341		
Planning	6,808	2,459	(133,946)	(136,405)	(103,192)	(110,000)	
Public Relations	75,917	37,959	28,952	(9,007)	75,917		
Refuse Recycling	1,006,700	518,350	519,558	1,208	1,006,700		
Refuse Collection	1,201,511	705,756	706,148	392	1,201,511		
Street Cleansing	703,258	351,629	351,629	--	703,258		
Street Naming & Numbering	6,841	3,420	7,737	4,317	6,841		
Travellers Sites	(22,000)	(31,266)	6,267	37,533	(12,000)	10,000	10,000
Tree Preservation	55,717	21,387	16,584	(4,803)	55,717		
Revenue Total	5,558,994	2,875,346	(1,658,152)	(4,533,498)	5,401,494	(157,500)	--

CAPITAL BUDGET MONITORING 2021/22

Capital	Published Budget 2021-22 £	Slippage from 2020-21 £	Approved Additions £	Revised Budget 2021-22 £	Actual at 30th September 2021 £	Forecast Outturn £	Variance between Revised Budget & Forecast Outturn £
OPERATIONAL SERVICES							
Conservation Area Schemes - 2nd round		27,506		27,506		27,506	0
Refuse & Cleansing Vehicles	2,000,000			2,000,000		0	(2,000,000)
Waste - Wheelied Bins	40,000			40,000	29,317	40,000	0
Mandatory Disabled Facilities Grants	697,299	370,595	81,894	1,149,788	(106,431)	1,149,788	0
Empty Properties, Discretionary DFGs, Minor Works, Home Repair Asst.	75,000			75,000	(29,578)	75,000	0
Vehicle Etc. Replacements	29,000			29,000	7,750	29,000	0
Leisure Centre				0	(188,038)	0	0
Operational Services Total	2,841,299	398,101	81,894	3,321,294	(286,980)	1,321,294	(2,000,000)
FINANCE & ASSETS							
East Cambs Trading Company - New loan facility	100,000	(100,000)		0		0	0
A14 Contribution	40,000			40,000		40,000	0
Depot	845,950			845,950	1,700	845,950	0
Extension to Ely Country Park		163,200		163,200		163,200	0
Loan to EC CLT			390,000	390,000		390,000	0
Finance & Assets Total	985,950	63,200	390,000	1,439,150	1,700	1,439,150	0
Total	3,827,249	461,301	471,894	4,760,444	(285,280)	2,760,444	(2,000,000)

SOURCES OF FINANCING	Published Budget 2021-22 £	Slippage from 2020-21 £	Approved Additions £	Revised Budget 2021-22 £	Variations £	Forecast Outturn £
Operational Services						
Grants / Contributions (DFG)	526,577		81,894	608,471	0	608,471
Capital Receipts	265,722	398,101		663,823	0	663,823
Borrowing	2,000,000	0	0	2,000,000	(3,100,000)	(1,100,000)
Section 106 / CIL	49,000			49,000	1,100,000	1,149,000
Operational Services Total	2,841,299	398,101	81,894	3,321,294	(2,000,000)	1,321,294
Finance & Assets						
Capital Receipts		0		0	0	0
Section 106 / CIL	40,000	163,200		203,200	0	203,200
Borrowing	945,950	(100,000)	390,000	1,235,950	0	1,235,950
Finance & Assets Total	985,950	63,200	390,000	1,439,150	0	1,439,150
Capital Funding Total	3,827,249	461,301	471,894	4,760,444	(2,000,000)	2,760,444

Capital Resources Forecast	Published Budget 2021-22 £	Slippage from 2020-21 £	Approved Additions £	Revised Budget 2021-22 £	Variations £	Outturn £
Balance Brought Forward	839,305	633,023		1,472,328		1,472,328
Add receipts from Sales of Assets	50,000			50,000	0	50,000
Less Capital Receipts Applied	(265,722)	(398,101)		(663,823)	0	(663,823)
Capital Reserves Carried Forward	623,583	234,922	0	858,505	0	858,505

Borrowing	Published Budget 2021-22 £	Slippage from 2020-21 £	Approved Additions £	Revised Budget 2021-22 £	Variations £	Outturn £
Balance Brought Forward	11,178,003	(126,774)		11,051,229		11,051,229
Less MRP Applied	(392,496)			(392,496)	11,352	(381,144)
Add additional Borrowing Applied	2,945,950	(100,000)	390,000	3,235,950	(3,100,000)	135,950
Borrowing Carried Forward	13,731,457	(226,774)	390,000	13,894,683	(3,088,648)	10,806,035

Reserve Accounts

Description	2021/22			Forecast Balance 31 March £
	Opening Balance 1 April £	Transfers to Reserve £	Contributions from Reserve £	
District Elections	22,500	22,500		45,000
Historic Buildings Grants	6,190			6,190
Housing Conditions Survey	45,000	5,000		50,000
Building Control	23,155			23,155
Change Management	249,223		(5,353)	243,870
Major Project Development	100,000			100,000
Surplus Savings Reserve	7,836,516	401,793	(2,072,648)	6,165,661
Vehicle Replacements	89,187			89,187
New Homes Bonus	0			0
Leisure Centre - sinking fund	87,722	78,127		165,849
Insurance	0			0
IT	80,000	10,000		90,000
CIL	5,223,174	4,376,757	(2,100,000)	7,499,931
CIL Admin	226,560		(50,000)	176,560
Care and Repair	45,000			45,000
Community Fund Reserves	30,884		(16,000)	14,884
Housing	79,547			79,547
Affordable Housing	412,510	53,200		465,710
General Fund Balance	1,045,629	5,353		1,050,982
Commercial Invest to Save	20,000			20,000
CLT Grant Applications	20,000			20,000
Travellers' Sites	0	40,762	(10,000)	30,762
Enterprise Zone NNDR	389,617	146,681		536,298
Cambridgeshire Horizons	0	3,891,500	(103,000)	3,788,500
Climate Change	39,422		(39,422)	0
Other				
Section 106 Agreements	3,358,535		(500,000)	2,858,535
Internal Borrowing	(11,051,229)	(1,235,950)	1,481,144	(10,806,035)
Total Reserves	8,379,142	7,795,723	(3,415,279)	12,759,586

ASSETS UPDATE

Committee: Finance & Assets Committee

Date: 25 November 2021

Author: Director Commercial and Open Spaces & Facilities Manager

[W115]

1.0 **ISSUE**

1.1 To receive an update on Council owned assets.

2.0 **RECOMMENDATION**

2.1 Members are requested to:

- i) note the update on Council owned assets, and
- ii) note the expenditure tracking sheet at Appendix 1.

3.0 **BACKGROUND/OPTIONS**

3.1 On 26 September 2019 (Agenda Item 16) Finance & Assets Committee received a report detailing Council owned assets which provided a summary of each asset. This report provides an update to assets contained within that report.

3.2 The Asset Management budget for 2021/22 is £141,918. The expenditure tracking sheet at Appendix 1 identifies areas of planned spend and provides an update on actual spend to date. Members will continue to receive the expenditure tracking sheet as part of the Asset Update.

3.3 Since the last update the Council has completed the deep clean of Public Conveniences. A budget of £5,000 was set aside for this. The actual cost was £4,704.

3.4 **Key Updates on Council owned assets**

3.4.1 Salix Grant

On 5 October 2021 the Finance & Assets Committee received a verbal update about how the Council was utilising a grant that was secured through the Government Decarbonisation Scheme (Salix Grant). The following expenditure enables the Council to reduce its carbon footprint:

- Thermostatic radiator valves have been replaced throughout The Grange at a Cost of £3,016.

- Additional loft insulation has been installed in the main building at The Grange at a cost of £11,913.
- Officers have recently completed a procurement process for the installation of secondary glazing to the old Gregorian windows at The Grange. The order for works has been placed and a timetable is being agreed. These works will cost £26,394.

In addition to reducing the Carbon Footprint at The Grange, the Council has also used the Salix Grant to replace the lighting at 72 and 74 Market Street, Ely. LED lighting with sensor control was installed at a cost of £14,197.

3.4.2 Site known as Mepal Outdoor Centre

The planning application for the demolition of buildings has now been approved. The decision can be viewed via public access. The planning reference number is 21/01054/DEM.

The demolition works will be undertaken week commencing 7 December 2021.

4.0 FINANCIAL IMPLICATIONS/EQUALITY IMPACT ASSESSMENT/CARBON IMPACT ASSESSMENT

- 4.1 There are no financial implication arising from this report.
- 4.2 An Equality Impact Assessment (EIA) is not required.
- 4.3 A Carbon Impact Assessment (CIA) is not required.

5.0 APPENDICIES

5.1 Appendix 1- Asset Spend Tracker

<u>Background Documents</u>	<u>Location</u>	<u>Contact Officer</u>
Finance & Assets Committee- 26 September 2019- Agenda Item 16	Room 106, The Grange, Ely	Spencer Clark Open Spaces & Facilities Manager (01353) 616960 E-mail: spencer.clark@eastcambs.gov.uk

Asset Management Budget

APPENDIX 1

Asset	Budgeted Expenditure	Nature of Work	Actual Expenditure	Notes
Public Car Parks				
	2,597.00	White Lining - Newnham Street/ Barton Road	2,597.00	Work Completed
	13,500.00	Fishermans Car Park - Re surfacing		Work Completed
		Replacement Drainage Gullies Barton Road		Awaiting Quote
		Replacement Drainage Gullies Newnham Street		Awaiting Quote
		Replacement Drainage Gullies Forehill		Awaiting Quote
	101.50	Remarking of Bays in Market Area - Barton Road	101.5	Work Completed
	2,500.00	General Pot Hole Repairs		None identified to date
	3,000.00	Streetlight maintenance		None identified to date
Total Public Car Parks	21,698.50		2,698.50	
Closed Churchyards				
	6,000.00	Wall repairs and memorial stone removal and replacement - St Marys - Ely	7,177.96	Work Completed
	536.96	Wilburton - Refurbish gate	536.96	Work Completed
	5,000.00	St Mary's Burwell - Path repair	3,250.00	Work Completed
	165.00	Littleport Ch - Wall repair Upton Place	165.00	Work Completed
	780.00	Littleport Church Pier repair	780.00	Work Completed
	8,100.00	Lt Thetford Church wall repair	8,100.00	Work Completed
Total Closed Churchyards	20,581.96		20,009.92	
Littleport Depot				
	1,553.90	Repairs to roller shutter doors	1,553.90	Work Completed
	490.95	Door replacement	490.95	Work Completed
Total Littleport Depot	2,044.85		2,044.85	
Play Areas				
	583.00	Collier Close - replacement platform	583.00	Work Completed
	3,657.30	Resurfacing- Jubilee Gardens	3,657.30	Work Completed
Total Play Areas	4,240.30		4,240.30	
Public Conveniences				
	5,000.00	Annual Deep Cleaning of all Public Toilets	4,704.00	Complete
	5,000.00	Refurbishment as identified		Currently identifying necessary works across all PC's
Total Public Conveniences	10,000.00		4,704.00	
Public Footpaths/Open Spaces				
	5,000.00	Footpath repairs (Various)		None identified to date
	5,000.00	District Streetlights Maintenance		None identified to date
Total Public Footpaths/Open Space	10,000.00		0.00	
The Grange				
	4,480.00	Repair to small flat roof	4,965.07	Work Completed
	288.75	White line rear car park	288.75	Work Completed
Total The Grange	4,768.75		5,253.82	
Travellers Sites				

Asset Management Budget

Total Wentworth Travellers Site	0.00		
Unit 6 St Thomas Place			
Total Unit 6 St Thomas Place	0.00		0.00
Unit 8 St Thomas Place			
Total Unit 8 St Thomas Place	0.00		0.00
70 Market Street, Ely			
	300.00	Remedial works if required	None identified to date
Total 70 Market Street, Ely (CAB)	300.00		0.00
72 Market Street, Ely			
	300.00	Remedial works if required	None identified to date
Total 72 Market Street, Ely (Cams Acre)	300.00		0.00
74 Market Street, Ely			
	300.00	Remedial works if required	None identified to date
Total 74 Market Street, Ely (Registry Office)	300.00		0.00

Asset Management Budget

Cemetery Lodge				
	2,000.00	Fencing repairs		Currently engaging a contractor to carry out works
	7,000.00	External decoration (+Scaffold Hire)		Currently engaging a contractor to carry out works
Total Cemetery Lodge	9,000.00		0.00	

Ely Museum				
Total Ely Museum	0.00		0.00	

St Johns Road Garages				
	10,000.00	Replacement garage door programme		Currently identifying which doors need replacing
Total St Johns Road Garages	10,000.00		0.00	

The Old Barn, Littleport				
Total The Old Barn, Littleport	0.00		0.00	

Mepal Outdoor Centre				
	11,471.40	Site security cameras	11,471.40	Ongoing
	48,000.00	Demolition of buildings	47,846.00	Commencing w/c 7 December 2021
Total Mepal Outdoor Centre	59,471.40		59,317.40	

Other				
Total Other	0.00			

Periodic Inspections, Surveys, Valuations & Misc. Projects				
	10,000.00	Contingency		
Total Misc. Projects	10,000.00		0.00	

Valuation of Assets (end of year financial accounts)				
Total Valuation of Assets	0.00		0.00	

Total Budgeted Expenditure	162,705.76	Spend to Date	98,268.79
Asset Management Budget	141,918.00		
Section 106	25,337.00		

Asset Budget Remaining 4,549.24

Asset Management Budget

APPENDIX 1

Asset	Budgeted Expenditure	Nature of Work	Actual Expenditure	Notes
Public Car Parks				
	2,597.00	White Lining - Newnham Street/ Barton Road	2,597.00	Work Completed
	13,500.00	Fishermans Car Park - Re surfacing		Work Completed
		Replacement Drainage Gullies Barton Road		Awaiting Quote
		Replacement Drainage Gullies Newnham Street		Awaiting Quote
		Replacement Drainage Gullies Forehill		Awaiting Quote
	101.50	Remarking of Bays in Market Area - Barton Road	101.5	Work Completed
	2,500.00	General Pot Hole Repairs		None identified to date
	3,000.00	Streetlight maintenance		None identified to date
Total Public Car Parks	21,698.50		2,698.50	
Closed Churchyards				
	6,000.00	Wall repairs and memorial stone removal and replacement - St Marys - Ely	7,177.96	Work Completed
	536.96	Wilburton - Refurbish gate	536.96	Work Completed
	5,000.00	St Mary's Burwell - Path repair	3,250.00	Work Completed
	165.00	Littleport Ch - Wall repair Upton Place	165.00	Work Completed
	780.00	Littleport Church Pier repair	780.00	Work Completed
	8,100.00	Lt Thetford Church wall repair	8,100.00	Work Completed
Total Closed Churchyards	20,581.96		20,009.92	
Littleport Depot				
	1,553.90	Repairs to roller shutter doors	1,553.90	Work Completed
	490.95	Door replacement	490.95	Work Completed
Total Littleport Depot	2,044.85		2,044.85	
Play Areas				
	583.00	Collier Close - replacement platform	583.00	Work Completed
	3,657.30	Resurfacing- Jubilee Gardens	3,657.30	Work Completed
Total Play Areas	4,240.30		4,240.30	
Public Conveniences				
	5,000.00	Annual Deep Cleaning of all Public Toilets	4,704.00	Complete
	5,000.00	Refurbishment as identified		Currently identifying necessary works across all PC's
Total Public Conveniences	10,000.00		4,704.00	
Public Footpaths/Open Spaces				
	5,000.00	Footpath repairs (Various)		None identified to date
	5,000.00	District Streetlights Maintenance		None identified to date
Total Public Footpaths/Open Space	10,000.00		0.00	
The Grange				
	4,480.00	Repair to small flat roof	4,965.07	Work Completed
	288.75	White line rear car park	288.75	Work Completed
Total The Grange	4,768.75		5,253.82	
Travellers Sites				

Asset Management Budget

Total Wentworth Travellers Site	0.00		
Unit 6 St Thomas Place			
Total Unit 6 St Thomas Place	0.00		0.00
Unit 8 St Thomas Place			
Total Unit 8 St Thomas Place	0.00		0.00
70 Market Street, Ely			
	300.00	Remedial works if required	None identified to date
Total 70 Market Street, Ely (CAB)	300.00		0.00
72 Market Street, Ely			
	300.00	Remedial works if required	None identified to date
Total 72 Market Street, Ely (Cams Acre)	300.00		0.00
74 Market Street, Ely			
	300.00	Remedial works if required	None identified to date
Total 74 Market Street, Ely (Registry Office)	300.00		0.00

Asset Management Budget

Cemetery Lodge				
	2,000.00	Fencing repairs		Currently engaging a contractor to carry out works
	7,000.00	External decoration (+Scaffold Hire)		Currently engaging a contractor to carry out works
Total Cemetery Lodge	9,000.00		0.00	

Ely Museum				
Total Ely Museum	0.00		0.00	

St Johns Road Garages				
	10,000.00	Replacement garage door programme		Currently identifying which doors need replacing
Total St Johns Road Garages	10,000.00		0.00	

The Old Barn, Littleport				
Total The Old Barn, Littleport	0.00		0.00	

Mepal Outdoor Centre				
	11,471.40	Site security cameras	11,471.40	Ongoing
	48,000.00	Demolition of buildings	47,846.00	Commencing w/c 7 December 2021
Total Mepal Outdoor Centre	59,471.40		59,317.40	

Other				
Total Other	0.00			

Periodic Inspections, Surveys, Valuations & Misc. Projects				
	10,000.00	Contingency		
Total Misc. Projects	10,000.00		0.00	

Valuation of Assets (end of year financial accounts)				
Total Valuation of Assets	0.00		0.00	

Total Budgeted Expenditure	162,705.76	Spend to Date	98,268.79
Asset Management Budget	141,918.00		
Section 106	25,337.00		
Asset Budget Remaining	4,549.24		

ANNUAL INFRASTRUCTURE FUNDING STATEMENT

Committee: Finance & Assets Committee

Date: 25 November 2021

Author: Director Commercial

[W116]

1.0 **ISSUE**

1.1 To receive information relating to Community Infrastructure Levy and Section 106 income and expenditure.

2.0 **RECOMMENDATION(S)**

2.1 Members are requested to note the Annual Infrastructure Funding Statement 2020/21 as detailed in Appendix 1 which will be published in December 2021.

3.0 **BACKGROUND/OPTIONS**

3.1 Local Authorities are now required under amendments to regulations (The Community Infrastructure Levy (Amendment) (England) Regulations 2019 No.1103 that came into force 1 September 2019) to produce an Infrastructure Funding Statement annually that sets out details about planning obligation receipts and anticipated expenditure. This is to provide clarity and transparency to local communities and developers on the infrastructure and expenditure and in aligning this to planned development, as envisaged in the Local Plan.

3.2 The Infrastructure Funding Statement (IFS) is an annual report required to be published by December each year, which provides a summary of the financial and non-financial developer contributions relating to Section 106 Legal Agreements (S106) and the Community Infrastructure Levy (CIL) within East Cambridgeshire District Council for a given financial year.

4.0 **ARGUMENTS/CONCLUSIONS**

4.1 The Council will published, on its website, the Annual Infrastructure Funding Statement for 2020/21 in December 2021. This is provided for information at Appendix 1.

5.0 **FINANCIAL IMPLICATIONS/EQUALITY IMPACT ASSESSMENT/CARBON IMPACT ASSESSMENT**

5.1 There are no 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

6.1 Appendix 1- Annual Infrastructure Funding Statement 2020/21

<u>Background Documents</u>	<u>Location</u>	<u>Contact Officer</u>
None	The Grange, Ely	Emma Grima Director Commercial (01353) 665555 E-mail: emma.grima@eastcambs.gov.uk

FINANCE & ASSETS COMMITTEE
ANNUAL AGENDA PLAN

AGENDA ITEM NO 14

LEAD OFFICER: Emma Grima, Director Commercial

DEMOCRATIC SERVICES OFFICER: Tracy Couper

Meeting: Thursday 25 November 2021 (4:30pm)		Meeting: Monday 24 January 2022 (4:30pm)		Meeting: Thursday 24 March 2022 (4:30pm)	
Report deadline: 4pm Mon 15 Nov 2021		Report deadline: 4pm Wed 12 January 2022		Report deadline: 4pm Mon 14 March 2022	
Agenda despatch: Wed 17 November 2021		Agenda despatch: Fri 14 January 2022		Agenda despatch: Wed 16 March 2022	
Chairman's Announcements	Chairman	Chairman's Announcements	Chairman	Chairman's Announcements	Chairman
<i>Actions taken by the Chief Executive on the grounds of urgency (if any)</i>	DSO	<i>Actions taken by the Chief Executive on the grounds of urgency (if any)</i>	DSO	<i>Actions taken by the Chief Executive on the grounds of urgency (if any)</i>	DSO
Forward Agenda Plan	DSO	Forward Agenda Plan	DSO	Forward Agenda Plan	DSO
<i>Write off of unrecoverable debt (if any)</i>	Finance Manager & S151 Officer	<i>Write off of unrecoverable debt (if any)</i>	Finance Manager & S151 Officer	<i>Write off of unrecoverable debt (if any)</i>	Finance Manager & S151 Officer
Assets Update	Open Spaces & Facilities Mgr	Assets Update	Open Spaces & Facilities Mgr	Assets Update	Open Spaces & Facilities Mgr
Treasury Management Update	Finance Manager & S151 Officer	<i>Bus, Cycle, Walk WP notes (if any)</i>	DSO	ECTC Annual Business Plan 2022/23	
<i>Bus, Cycle, Walk WP notes (if any)</i>	DSO	<i>Appointments, Transfers, Resignations [EXEMPT]</i>	HR Manager	2022/23 Asset Management Plan	Open Spaces & Facilities Mgr
Annual Infrastructure Funding Statement	Dir. Commercial	2022/23 Annual Treasury Mgt Strategy MRP & AIS	Finance Mgr & S151 Officer	<i>ECTC Board Meeting Minutes (if any) [EXEMPT]</i>	DSO
ECTC Half Yearly Report		Finance Report	Finance Mgr & S151 Officer	<i>Bus, Cycle, Walk WP notes (if any)</i>	DSO
ECTC Management Accounts (July-Sept 2021) [EXEMPT]	ECTC Finance Manager	Revenue Budget 2022/23	Finance Mgr & S151 Officer		
ECTC Board Meeting Minutes 07/09/21 [EXEMPT]	DSO	ECTC Management Accounts (Oct-Dec 2021) [EXEMPT]	ECTC Finance Manager		
CPCA Masterplans Update	Business Develop Mnger	<i>ECTC Board Meeting Minutes (if any) [EXEMPT] 13/10/21</i>	DSO		
Finance Report	Finance Manager & S151 Officer	LCTRS consultation results	Finance Manager & S151 Officer		
Draft Cycling & Walking Strategy	Infrastructure & Strategy Manager				
ECDC Business Growth Fund	Business Develop Mnger				
Asset Management Matter, Ely [EXEMPT]	Dir. Commercial				

Notes: 1. Agenda items which are likely to be "urgent" and therefore not subject to call-in are marked *
2. Agenda items in italics are provisional items / possible items for future meetings.

ANNUAL AGENDA PLAN

LEAD OFFICER(S): Emma Grima, Director Commercial

DEMOCRATIC SERVICES OFFICER: Tracy Couper

Meeting: June 2022 (tbc)		Meeting: July 2022 (tbc)		Meeting: Sept 2022 (tbc)	
Report deadline: (tbc)		Report deadline: (tbc)		Report deadline: (tbc)	
Agenda despatch: (tbc)		Agenda despatch: (tbc)		Agenda despatch: (tbc)	
Chairman's Announcements	Chairman	Chairman's Announcements	Chairman	Chairman's Announcements	Chairman
<i>Actions taken by the Chief Executive on the grounds of urgency (if any)</i>	DSO	<i>Actions taken by the Chief Executive on the grounds of urgency (if any)</i>	DSO	<i>Actions taken by the Chief Executive on the grounds of urgency (if any)</i>	DSO
Forward Agenda Plan	DSO	Forward Agenda Plan	DSO	Forward Agenda Plan	DSO
<i>Write off of unrecoverable debt (if any)</i>	Finance Manager & S151 Officer	<i>Write off of unrecoverable debt (if any)</i>	Finance Manager & S151 Officer	<i>Write off of unrecoverable debt (if any)</i>	Finance Manager & S151 Officer
Assets Update	Open Spaces & Facilities Mgr	Assets Update	Open Spaces & Facilities Mgr	Assets Update	Open Spaces & Facilities Mgr
<i>Appointments, Transfers, Resignations [EXEMPT]</i>	HR Manager	Financial Outturn Report 2021/22	Finance Manager & S151 Officer	<i>Bus, Cycle, Walk WP notes (if any)</i>	DSO
<i>ECTC Board Meeting Minutes (if any) [EXEMPT]</i>	DSO	Treasury Operations Annual Performance Review	Finance Manager & S151 Officer	<i>ECTC Board Meeting Minutes (if any) [EXEMPT]</i>	DSO
ECTC Management Accounts (Jan-March 2022) [EXEMPT]	ECTC Finance Manager	ECTC Management Accounts (April-June 2022) [EXEMPT]	ECTC Finance Manager	Health & Safety Annual Report	Dir Commercial
Annual Reports of Representatives on Outside Bodies	DSO	<i>ECTC Board Meeting Minutes (if any) [EXEMPT]</i>	DSO	Local Council Tax Reduction Scheme Policy Review	Finance Manager & S151 Officer
<i>Bus, Cycle, Walk WP notes (if any)</i>	DSO	<i>Bus, Cycle, Walk WP notes (if any)</i>	DSO	ECTC Accounts 2020/21	
				Medium-term financial strategy update	Finance Manager & S151 Officer

Notes: 1. Agenda items which are likely to be "urgent" and therefore not subject to call-in are marked *
 2. Agenda items in italics are provisional items / possible items for future meetings.