Produced on: 04 December 2019

Corporate Performance Report

Quarter 2

2018/19 financial year

Commercial and Investment Committee

Business Intelligence
Cambridgeshire County Council
business.intelligence@cambridgeshire.gov.uk

Key

Cambridgeshire County Council

Data Item	Explanation
Target / Pro Rata Target	The target that has been set for the indicator, relevant for the reporting period
Current Month / Current Period	The latest performance figure relevant to the reporting period
Previous Month / previous period	The previously reported performance figure
Direction for Improvement	Indicates whether 'good' performance is a higher or a lower figure
Change in Performance	Indicates whether performance is 'improving' or 'declining' by comparing the latest performance figure with that of the previous reporting period
Statistical Neighbours Mean	Provided as a point of comparison, based on the most recently available data from identified statistical neighbours.
England Mean	Provided as a point of comparison, based on the most recent nationally available data
RAG Rating	• **Red** – current performance is off target by more than 10% • **Amber** – current performance is off target by 10% or less • **Green** – current performance is on target or up to 4% over target • **Blue** – current performance is over target by 5% or more • **Baseline** – indicates performance is currently being tracked in order to inform the target setting process • **Contextual** – these measures track key activity being undertaken, but where a target has not been deemed pertinent by the relevant service lead
Indicator Description	Provides an overview of how a measure is calculated. Where possible, this is based on a nationally agreed definition to assist benchmarking with statistically comparable authorities
Commentary	Provides a narrative to explain the changes in performance within the reporting period
Useful Links	Provides links to relevant documentation, such as nationally available data and definitions

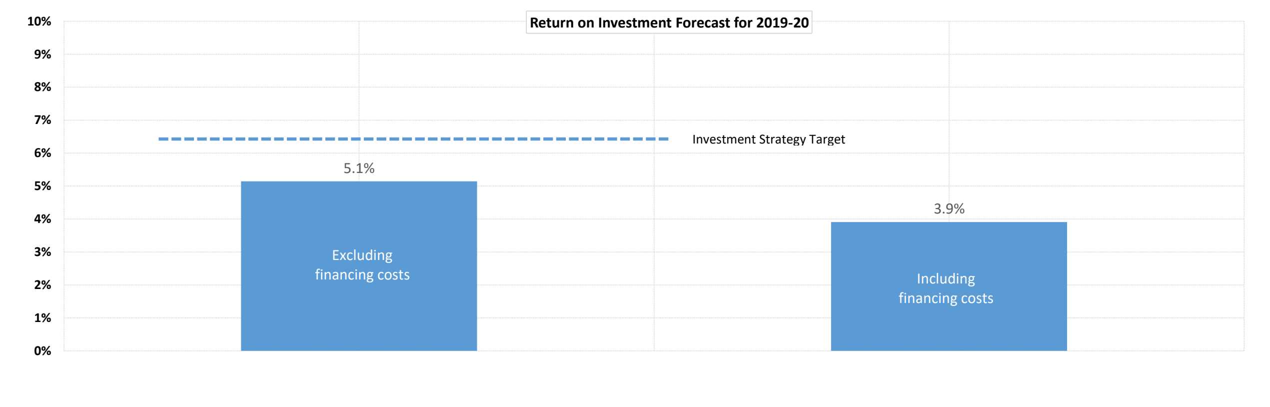
Indicator 164: Annual forecast of the amount of commercial property income as a percentage of initial investment

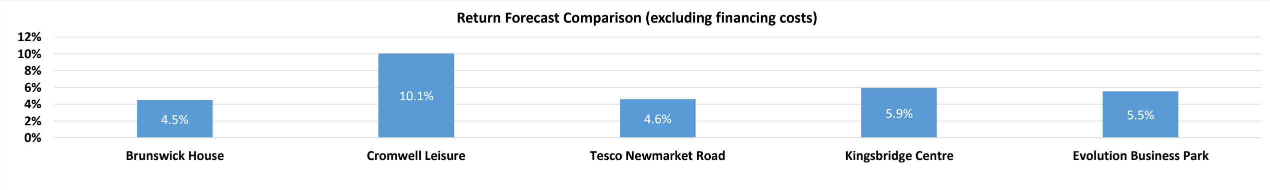
Return to Index

December 2019

Target	Current Forecast (exc.	Current Forecast (inc. borrowing)	Direction for Improvement	Change in Performance
6.0%	5.1%	3.9%	↑	Improving

Previous Quarter (exc. borrowing)	Previous Quarter (inc. borrowing)	RAG Rating (exc. borrowing)
5.4%	3.7%	R





Indicator Description

This indicator projects our expected net income from all commercial property income against the 6% target set within the non-financial Investment Strategy.

It is important to note that not all investments will achieve 6% from the outset, however over the medium to longer term it is expected that the portfolio will meet the target. Any specific variances will be explained within the commentary.

This indicator should be used to judge the performance of our investment portfolio/commercial property income as a whole. It should not be used to predict any variances of actual income against budget - this is detailed within the Finance Report.

The return figure includes investment that has already been made, as well as investment that is expected to be made, up to the end of March 2020.

Useful Links

Commentary

The return on investment forecast for 2019-20 is 5.14% (excluding financing costs). This is based on the forecast return for the year had the properties been held by the Council for the entire year. CCC have only just entered this market and it is critical that consideration is not only given to yield, but also to building a balanced portfolio and the spreading of risk. The intention is that the 6% target will be achieved in the long-term from a balanced portfolio. Returns can vary across properties, depending on the level of income being achieved and the risk profile of the investment.

The forecast percentage return has decreased since Q1 due to an expectation of underachievement of income on Brunswick House as a result of occupancy being below target for the current academic year. There is a brand new competing property in the vicinity of Brunswick House, however, the Council is confident the offer and location of Brunswick House overall will remain very appealing to students for the years ahead, and active/varied marketing activity is continuing via the operator of the accommodation.

Indicator 165: Annual forecast of the net amount of income from our energy investments as a percentage of initial investment

Return to Index

December 2019

Target	Current Forecast	Previous Quarter	Direction for Improvement	Change in Performance
TBC	2.8%	N/A	↑	

RAG Rating (inc. borrowing)

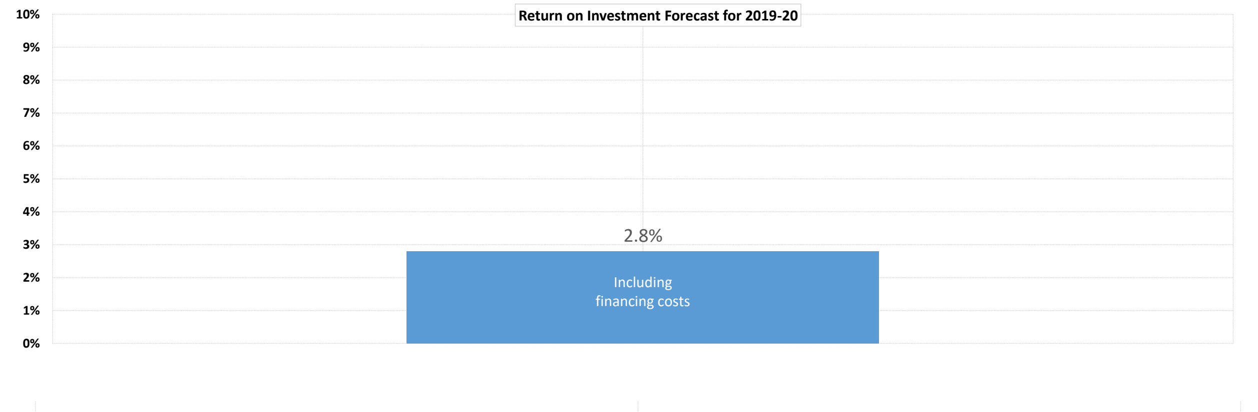
Indicator Description

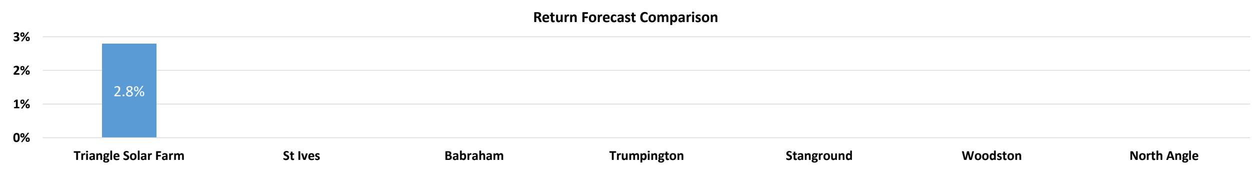
This indicator projects our expected net income from our energy investments. At present, there is no target for the net percentage return on our energy investments, however discussions are taking place to understand how this can be calculated.

This indicator contains income from Triangle Solar Farm as this project is yielding an income. The remaining projects are in the pipeline and are being investigated.

The indicator should be used to judge the performance of our energy investment portfolio as a percentage of income. It should not be used to predict any variances of actual income against budget - this is detailed within the Finance Report.

Useful Links





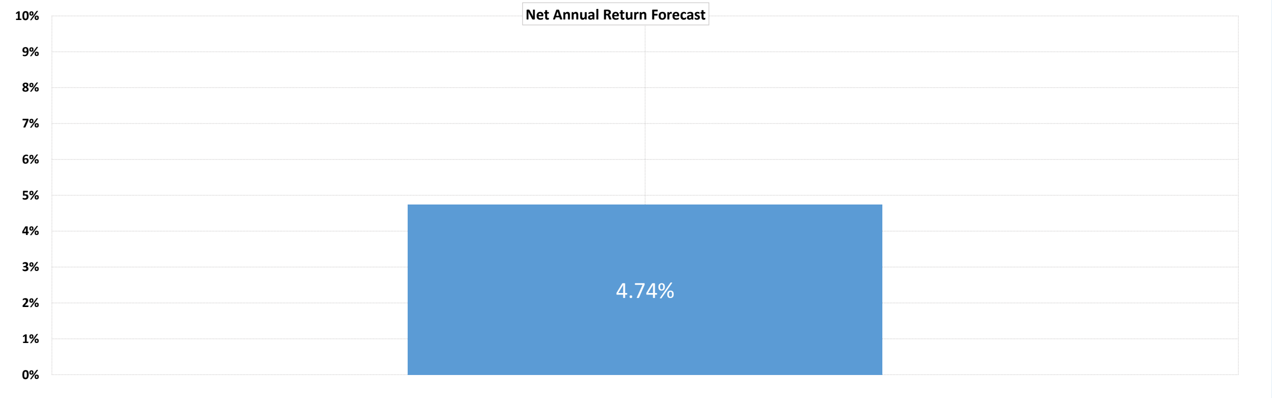
Commentary

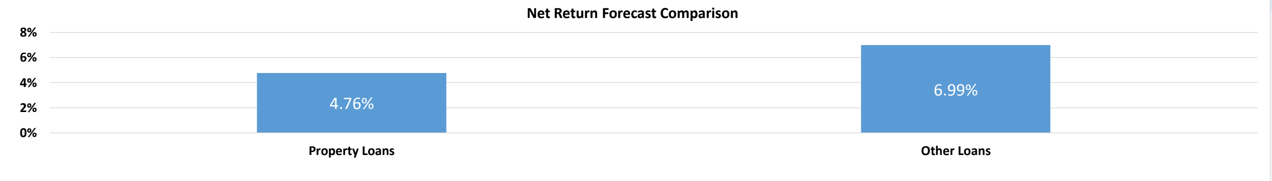
For 2018-19, the expected returns for Triangle Solar Farm show electricity generation of 12,226 MWh with an associated income of £1,061,081. Based on generation, the solar farm performed better than expected, by a margin of 1.4%.

Indicator 167: Percentage return on loan from 'This Land' Return to Index December 2019

Target	Current Forecast	Previous Quarter	Direction for Improvement	Change in Performance
N/A	4.7%	5.5%	↑	Declining

RAG Rating
Contextual





Indicator Description

This Land' is the property company owned by Cambridgeshire County Council. Through this arrangement, CCC loans money to This Land which is borrowed at a rate set by CCC, based on risk exposure and the expected return to be achieved from the investment.

It should be recognised that the other loans (mostly for construction) are considered to be a higher risk than property loans, as they are not asset-backed. As such, our other loans to This Land often yield a higher rate of return compared with property loans.

This indicator does not include any other loans provided to organisations other than This Land. These other loans are detailed in Indicator 168 (Percentage return on other loans).

The net return figure includes loans that have already been made, as well as those expected to be made, up to the end of March 2020.

Useful Links

Commentary

Interests rate are set based on a variety of factors, including whether the loan is asset backed, issues around state aid and also the level of underlying interest rates that the Council is borrowing at. As such, it is not feasible or appropriate to set a target for this indicator.

The individual percentage returns for Property and Other loans have not changed since Q1, however, the timing of issuing some of the loans has been revised. This means the split between Property / Other loans has changed, and as such the overall percentage has decreased (as there is now a higher proportion of property loans than previously, which has a lower interest rate).

Indicator 168: Percentage return on other loans (excluding This Land)

Return to Index December 2019

Target	Current Forecast	Previous Quarter	Direction for Improvement	Change in Performance
N/A	1.7%	1.1%	↑	Improving

RAG Rating
Contextual

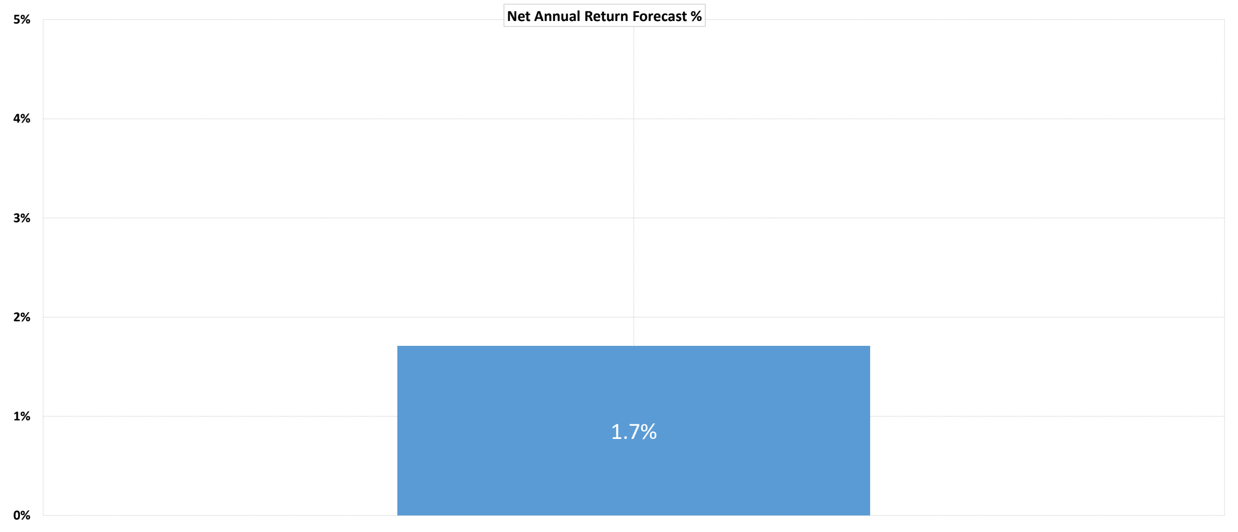
Indicator Description

As part of the Council's business, it may wish to loan money to third parties. This indicator demonstrates the return on investment from the loans issued to third parties.

When viewing this indicator it is important to recognise that returns to third parties are often provided for reasons other than just financial return, as the loan will be contributing to social benefits that directly support the delivery of our strategic outcomes.

Third party loans are made with the primary aim of supporting the operations of the counterparty, who will be a Not for Profit Organisation that is using the loan to fund infrastructure to support the delivery of services that are aligned to the Council's core objectives and priorities. Making money from these loans is not the key priority.

Useful Links



Commentary

The Council currently has third party loans of £4.1m outstanding to three organisations within Cambridgeshire, with a fourth loan due to be issued in November. In addition, the Council issues loans to schools as part of the Schools' Retrofit Programme, which have now been included within this indicator. As of 1st Apr 19, there were £8.0m of loans outstanding to schools. The total forecast return takes into account PWLB borrowing, although the third party loans are managed within the Council's overall cash flows.

The rate of return has increased since the last forecast, due to the addition of the school loans.

Interests rate are set based on a variety of factors, including whether the loan is asset backed, issues around state aid and also the level of underlying interest rates that the Council is borrowing at. As such, it is not feasible or appropriate to set a target for this indicator (however, the minimum required is for the Council to break even).

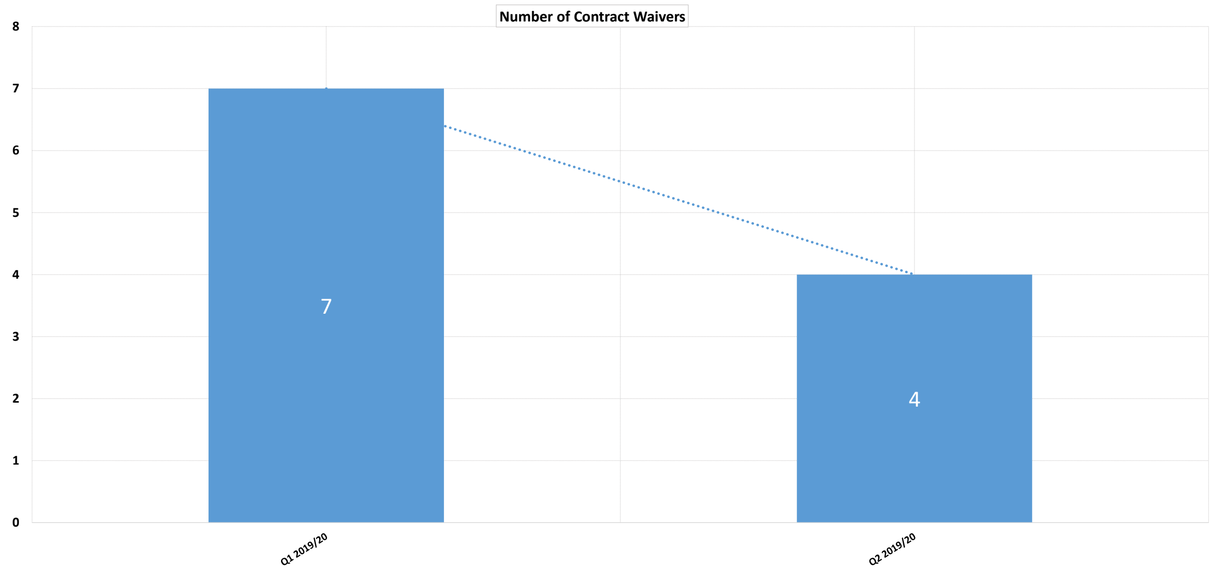
Indicator 169: Number of contract waivers submitted without adequate time for procurement

Return to Index

December 2019

Target	Current Quarter	Previous Year's Quarter	Direction for Improvement	Change in Performance
TBC	4		↓	N/A

RAG Rating



Indicator Description

The Council's Contract Procedure Rules allow the Council to bypass the rules in certain instances (such as lack of suppliers in the market or that going to market does not offer any benefit). In such instances, a request is made to Procurement to seek agreement to 'waive' the rules. These approvals are known as Waivers.

Adequate time should be given to seek the waiver, so that alternative options can be considered. Where requests are presented to procurement that has not allowed time for a procurement exercise to be undertaken, this could indicate that the expiry of the contract has not been managed as well as it could (however, there could be valid reasons for normal timescales to be unachievable).

The tracking of this KPI is to give a reasonable indication of whether we are planning our procurements better. This has been applied to all contract values and has been extracted from the contract database. Any waivers above £500k will not be recorded on the contracts database as this is a committee decision.

This validity of this indicator will be reviewed to ensure that it is relevant and functional.

Commentary

During this period there were 25 contracts (compared with 43 last quarter) where waivers were sought (excluding waivers for children's social care). Of these, 4 were submitted without adequate time for a procurement process to have been undertaken. The total value of the four contracts that sought waivers was £68k (compared with 2.7m for the previous quarter).

The Commercial Team, in partnership with Procurement, are reviewing the contract register to identify any contracts which are reaching their renewal date but have not been updated on the contract register to advise of future procurement plans.

Useful Links

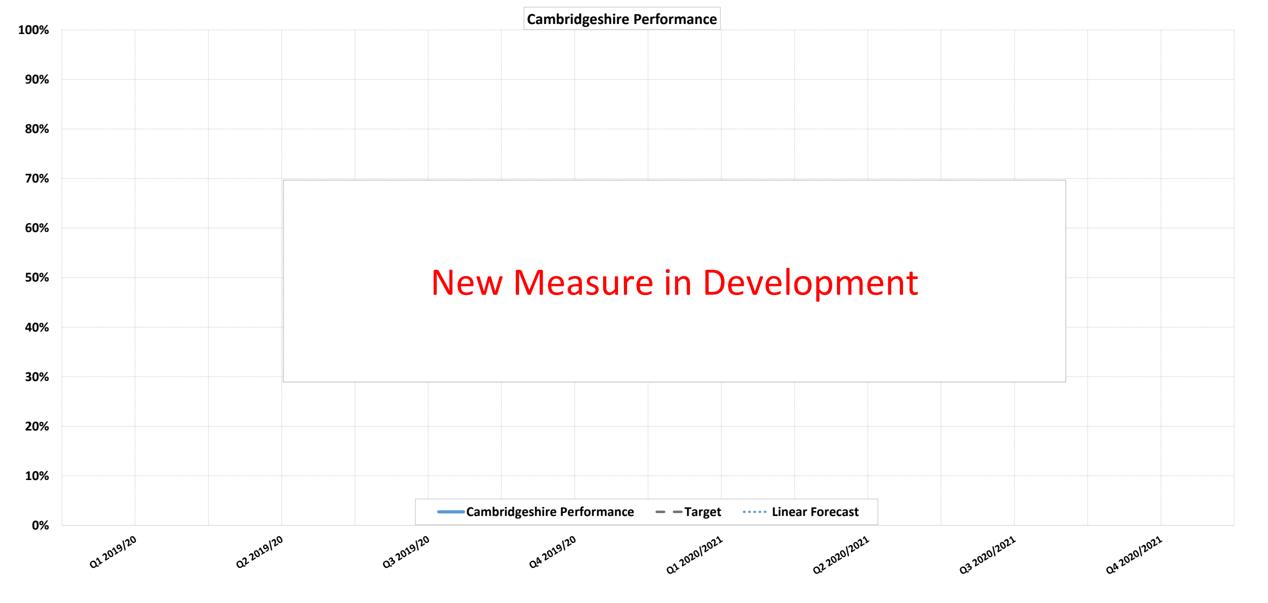
Indicator 170: Percentage of eligible workforce that completed commercialisation training

Return to Index

December 2019

Target	Current Quarter	Previous Quarter	Direction for Improvement	Change in Performance
33.0%			↑	

RAG Rating



Indicator Description

A key part of the Council's Commercial Strategy is to upskill the workforce in commercial acumen. Officers have been developing a specific, modular e-learning programme that is designed to train staff in commercial skills (contract management, negotiation, business planning).

This indicator relates to percentage of the elegible workforce that has completed at least one module of the commercialisation e-learning programme.

Whilst this indicator demonstrates the percentage of the workforce that has completed the training, once the training has been embedded within the organisation, officer will be seeking to understand whether the training is resulting in more business cases, which can demonstrate the impact the training has.

Commentary

Due to a delay with finalising the programme, the training is yet to be launched across the organisation. It is anticipated this will happen in December.
Whilst the training has been delayed, the reason for the delay is not significant and officers are confident that it can be resolved swifly. As such, this indicator is showing as amber, however the ability to achieve this target will be dependent on the success of the communications for encouraging staff to complete the training.

Useful Links

Indicator 171: Percentage change in value of income obtained from agricultural farmland

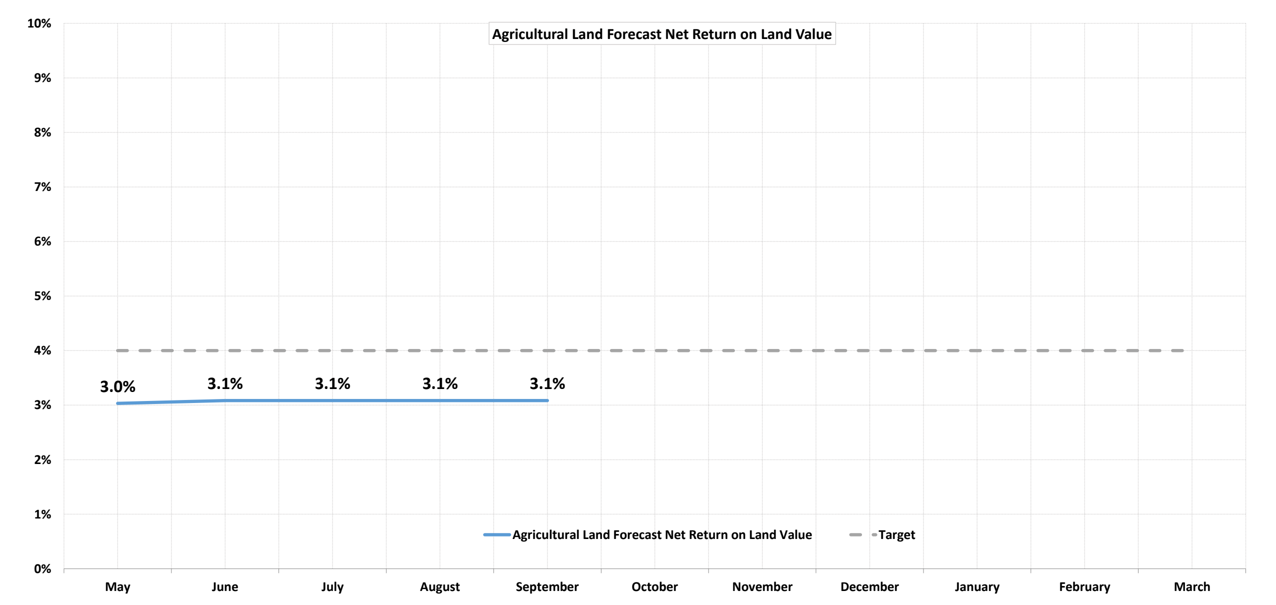
Return to Index

December 2019

Target	Current Forecast	Previous Month	Direction for Improvement	Change in Performance
4.0%	3.1%	3.1%	↑	Unchanged

RAG Rating

R



Indicator Description

The council owns £127.8m of agricultural farm land across Cambridgeshire. This indicator demonstrates the forecast net return on the income received from renting out this land to tenants. It is recorded as a percentage of the value of the farm's estate that is used for agricultural purposes.

This indicator should be used to understand whether the overall agricultural land is achieving the percentage of returns being targeted.

Commentary

These figures exclude the return generated by the solar farm, as this is making a return on a commercial basis and should therefore be evaluated independently (see Indicator 165). Currently, the solar farm is forecast to generate a return of 6.19% (excluding financing costs), making the overall forecast return on the county farm's estate 3.39%. The 4% target return that was proposed previously included the solar farm, so the target may need to be revised following work being undertaken to refresh the County Farms Estate Strategy by the member working group.

Useful Links

Indicator 172: Change in value of income obtained from traded services

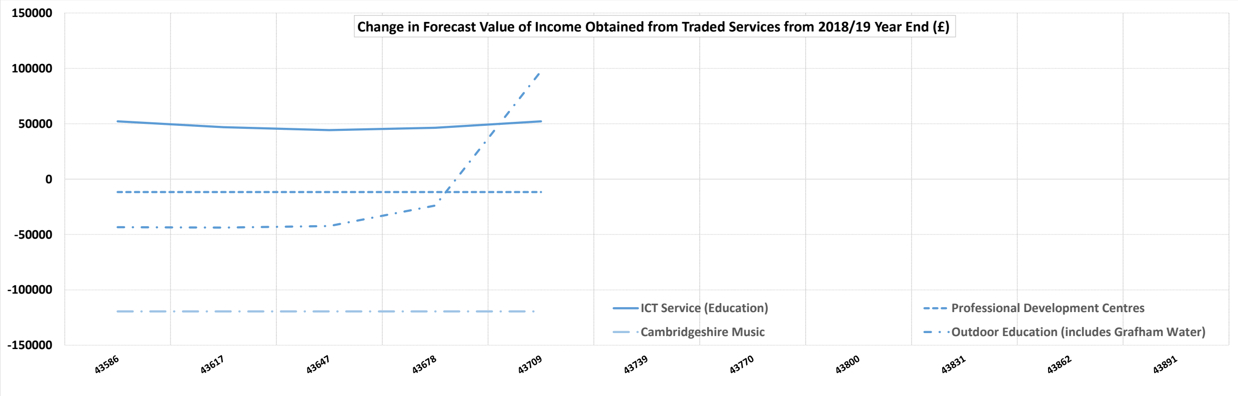
Return to Index

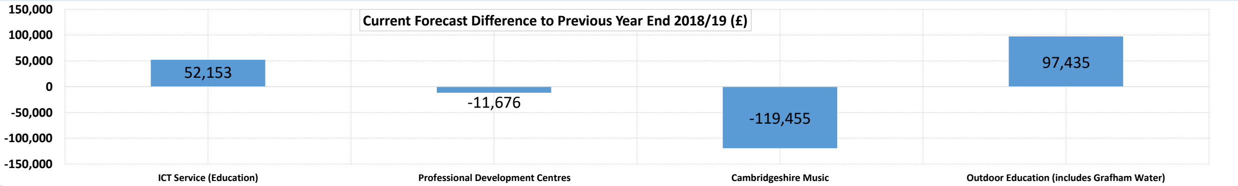
December 2019

2018/19 Year End Income	Current Forecast	Previous Month Forecast	Direction for Improvement	Change in Performance
-£132,312	-£113,855	-£260,347	↓	Declining

RAG Rating

Contextual





Indicator Description

There are four services that we describe as Traded Services, which provide income through charging for their services. This indicator demonstrates any changes in the annual net income received from traded services, comparing the forecast outturn for the current year with the actual outturn position for the previous year. An increase in the net income position is demonstrated by a negative change.

The purpose of this indicator is not to understand whether a particular traded service is expecting to achieve its forecast budget position (this is monitored through the Finance Monitoring Report), instead this indicator shows the variance in profit being made against its forecast position last year. Put simply, it shows whether a traded service is expected to make more or less profit compared to last year allowing for a direction of travel to be established.

Useful Links

Commentary

It is important to recognise that with this indicator, where there are positive values, this means that the forecast profit is expected be less than the previous year. And conversely, a negative value indicates a forecast increase in profit. Therefore, only the Professional Development Centres and Cambridgeshire Music are expecting to generate more profit than the previous year. However, it should be recognised that The ICT Centre overachieved against its income target last year by a larger amount than it is forecasting to achieve this year, which explains why the direction of travel indicates lower profit.

As part of the Commercial Strategy, there is considerable activity taking place across the key traded services. The ICT Service, Cambridgeshire Music and the Outdoor Centres are developing more robust business plans. These business plans, amongst other things, are identifying risks to income and growth and putting in place measures (such as more targeted sales and marketing plans, improved products and better pricing strategies) to mitigate these challenges. In addition, where a traded services is providing social value, the business plan will outline the procedures that will be put in place to gather more robust evidence on the reach and impact of its services on areas of society that would benefit most.

The Outdoor Education budget is expected to overspend by £229k in 2019/20, which is an increase of £127k from the previous forecast. This is due to a one-off cost relating to backdated pay for staff at Grafham Water Centre.