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

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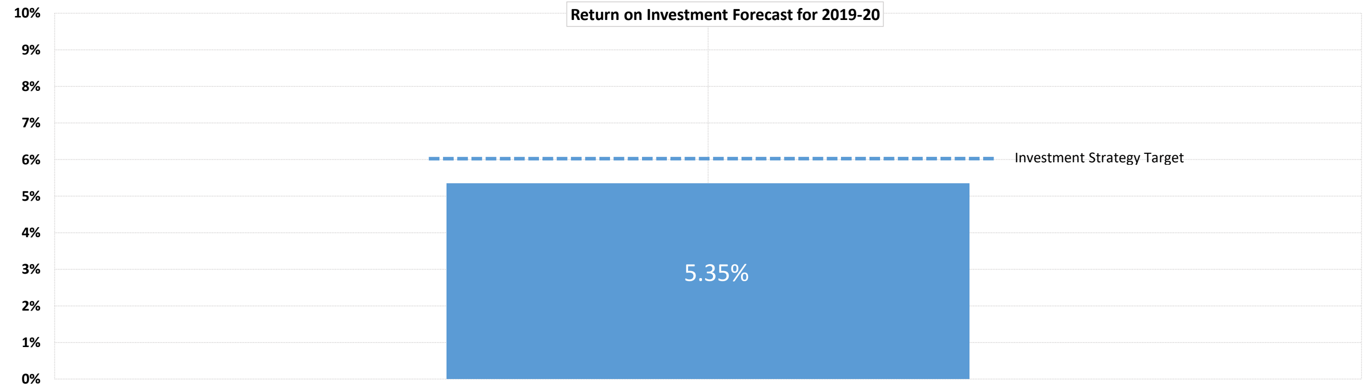
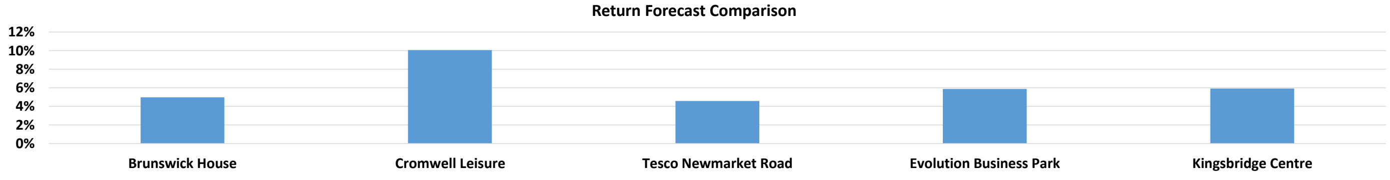
September 2019

Target	Current Forecast	Previous Month	Direction for Improvement	Change in Performance
6.0%	5.35%	N/A	↑	N/A

Statistical Neighbours Mean	England Mean	RAG Rating
N/A	N/A	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

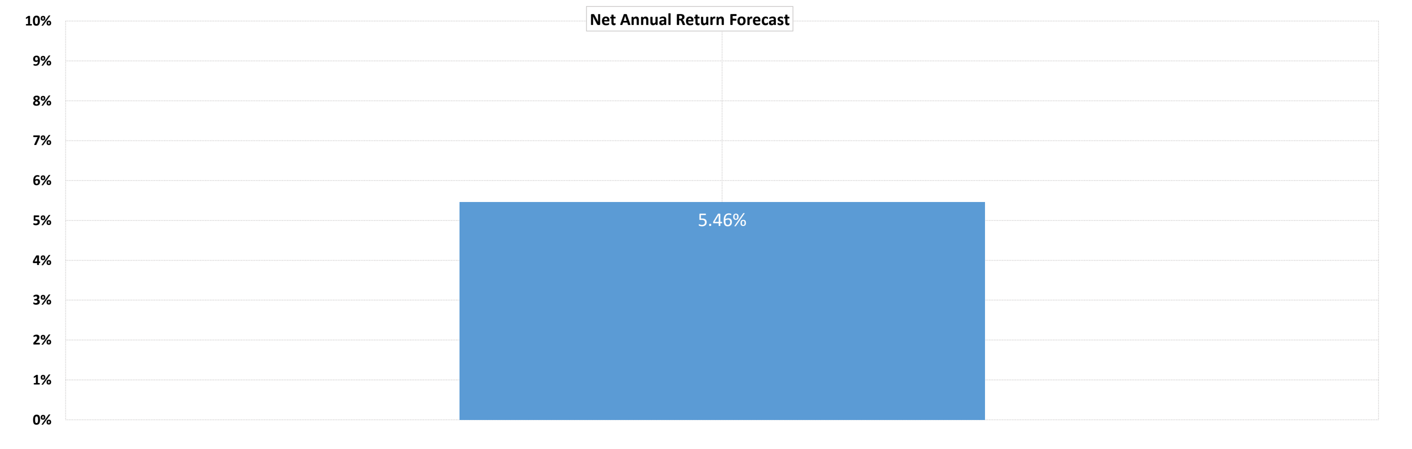
The return on investment forecast for 2019-20 is 5.35%. This is based on the forecast return for the year had the properties been held by the Council for the entire year. The in year return in 3.7%. CCC have only just entered this market and it is critical that consideration is not only given to yield, 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.

Indicator 167: Percentage return on loan from 'This Land'

September 2019

Target	Current Forecast	Previous Month	Direction for Improvement	Change in Performance
N/A	5.5%	N/A	↑	No Change

Statistical Neighbours Mean	England Mean	RAG Rating
N/A	N/A	N/A



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.

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

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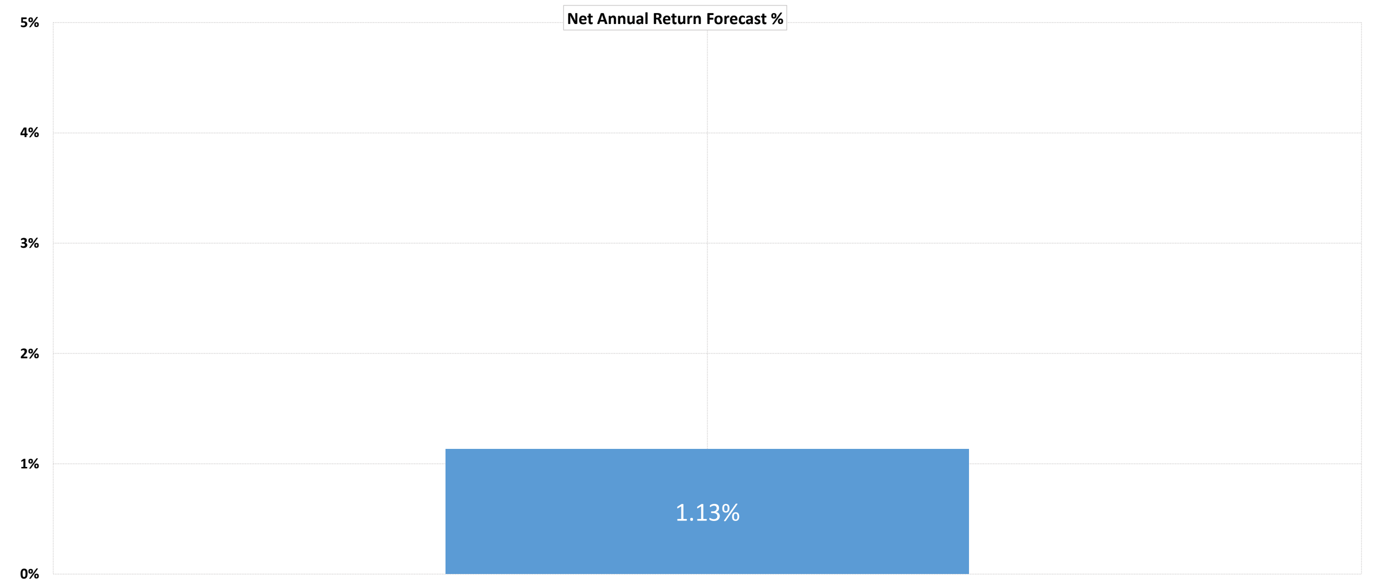
September 2019

Target	Current Forecast	Previous Month	Direction for Improvement	Change in Performance
N/A	1.13%	N/A	↑	N/A

Statistical Neighbours Mean	England Mean	RAG Rating
N/A	N/A	N/A



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 loans of £4.5million to three organisations within Cambridgeshire, with a fourth loan due to be issued imminently. The total forecast return of 1.10% takes into account PWLB borrowing, although these loans are managed within the Council's overall cash flows. The gross rate is an average return of 3.48%.

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

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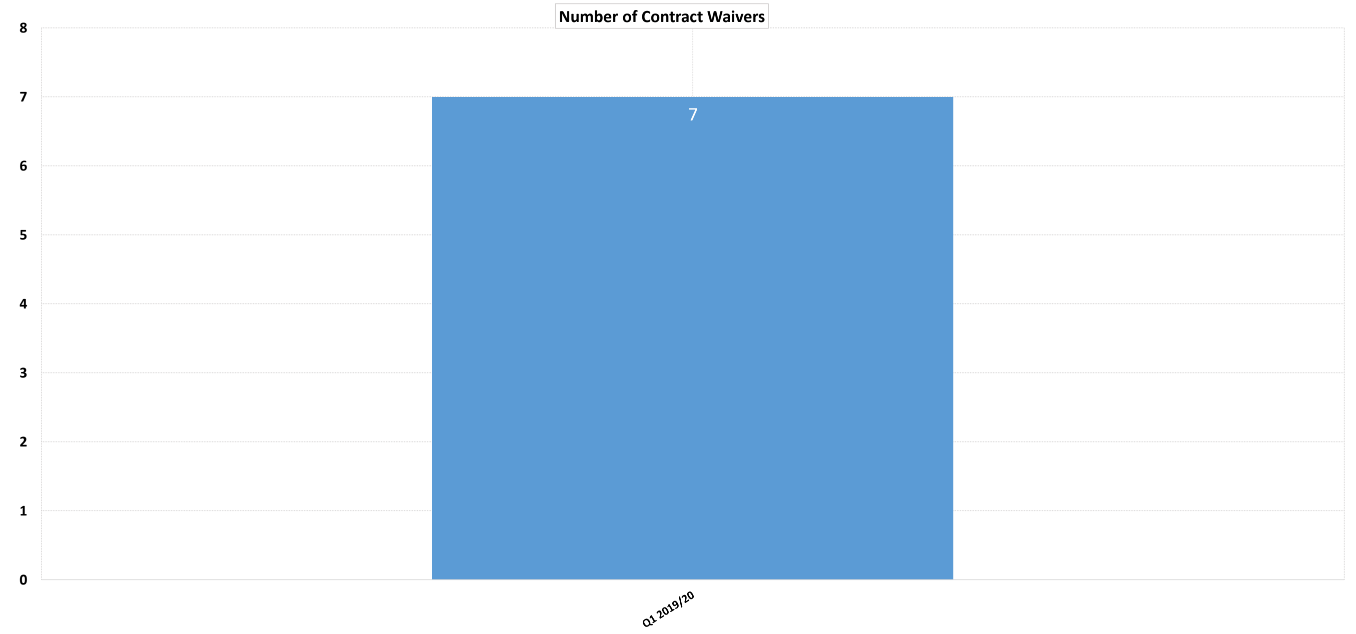
September 2019

Target	Current Quarter	Previous Year's Quarter	Direction for Improvement	Change in Performance
TBC	7		↓	No Change

Statistical Neighbours Mean	England Mean	RAG Rating
N/A	N/A	N/A



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 43 contracts where waivers were sought (excluding waivers for children's social care), with 7 of these which were submitted without adequate time for a procurement process to have been undertaken. The total value of the seven contracts that sought waivers was £2.7m. Discussions are taking place with the Services to understand why certain waivers were not submitted in time and whether, in doing so, it failed to allow improved terms to be negotiated.

Useful Links

Indicator 170: Percentage of eligible workforce that completed commercialisation training

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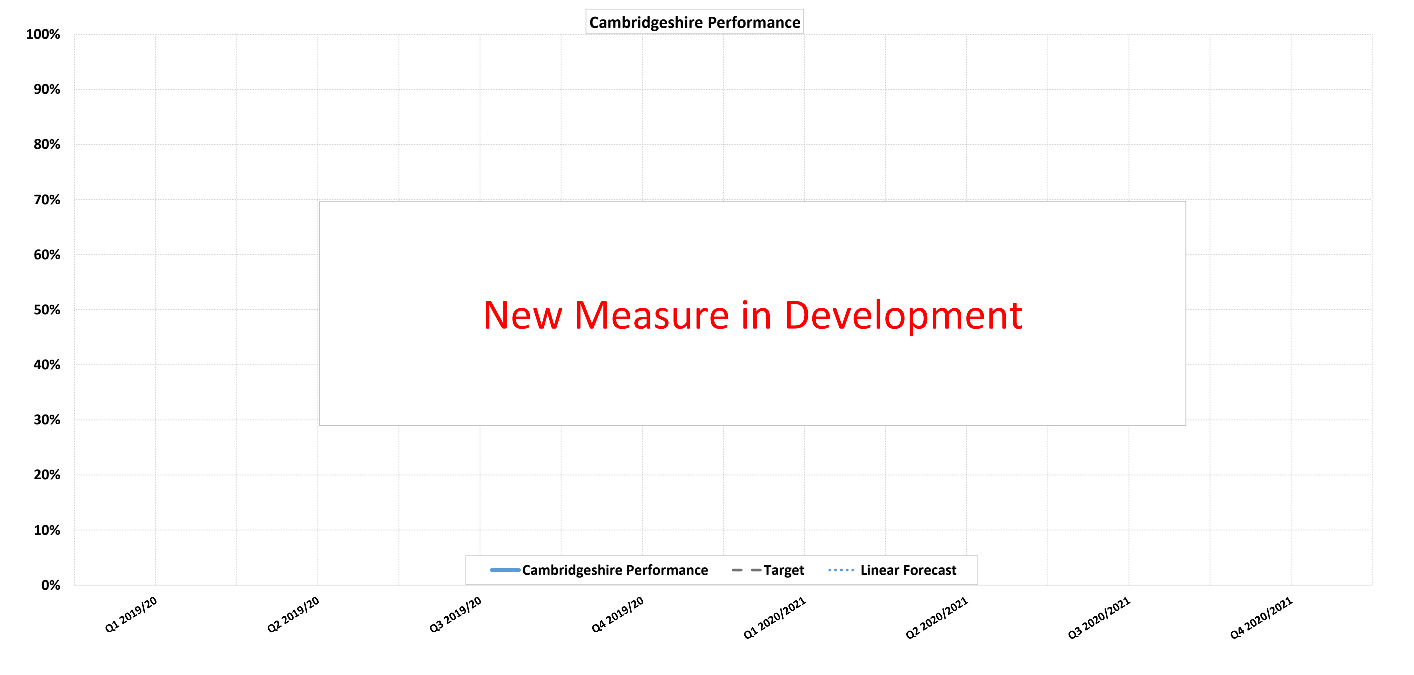
September 2019

Target	Current Quarter	Previous Quarter	Direction for Improvement	Change in Performance
33.0%			↑	No Change

Statistical Neighbours Mean	England Mean	RAG Rating
N/A	N/A	



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 by 30 September.

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

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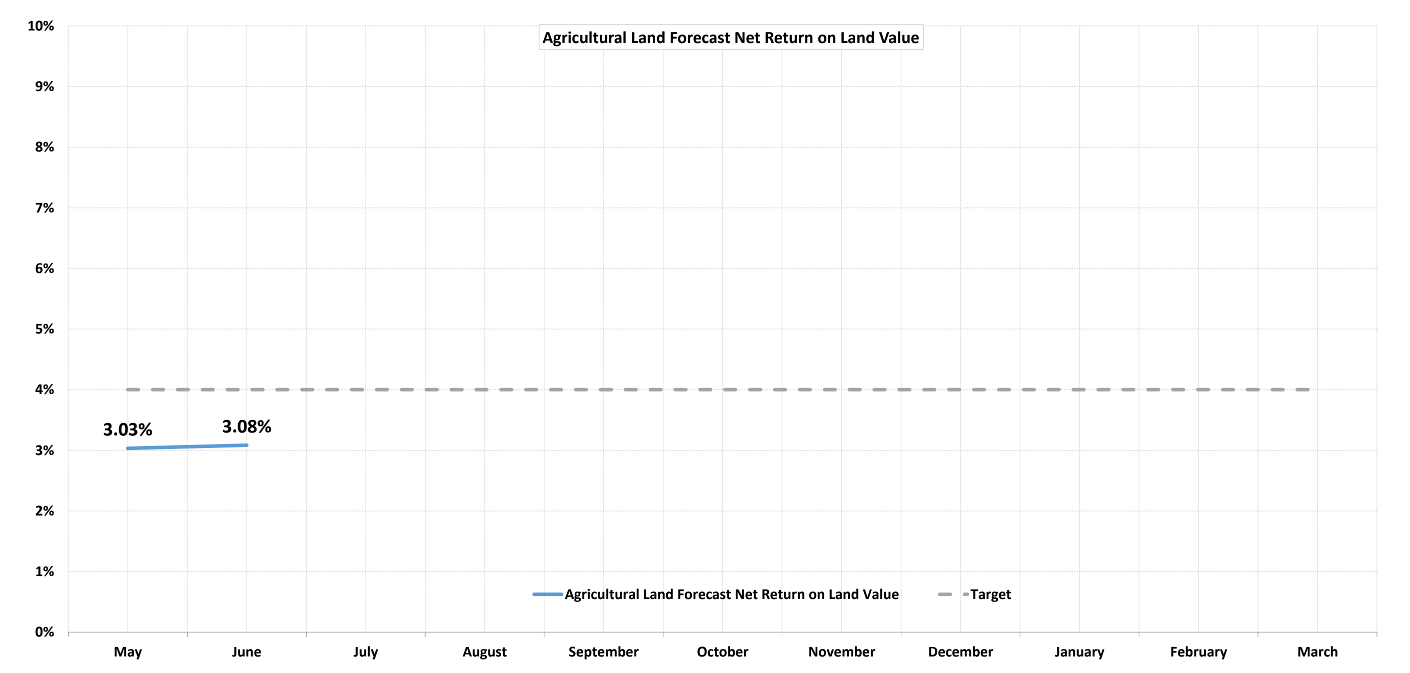
September 2019

Target	Current Forecast	Previous Month Forecast	Direction for Improvement	Change in Performance
4.0%	3.1%	3.0%	↑	↑

Statistical Neighbours Mean	England Mean	RAG Rating
N/A	N/A	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. Income generated by renewable energy investments will be reported separately in the future, once there is more than one scheme operational. Currently, the solar farm is forecast to generate a return of 6.19%, 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.

This does not include debt charges relating to capital investment in the property and as such is not showing a true net return.

Useful Links

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

September 2019

2018/19 Year End Income Value	Current Forecast For Year End	Direction for Improvement	Change in Performance
-£132,312	-£260,347	↓	↑

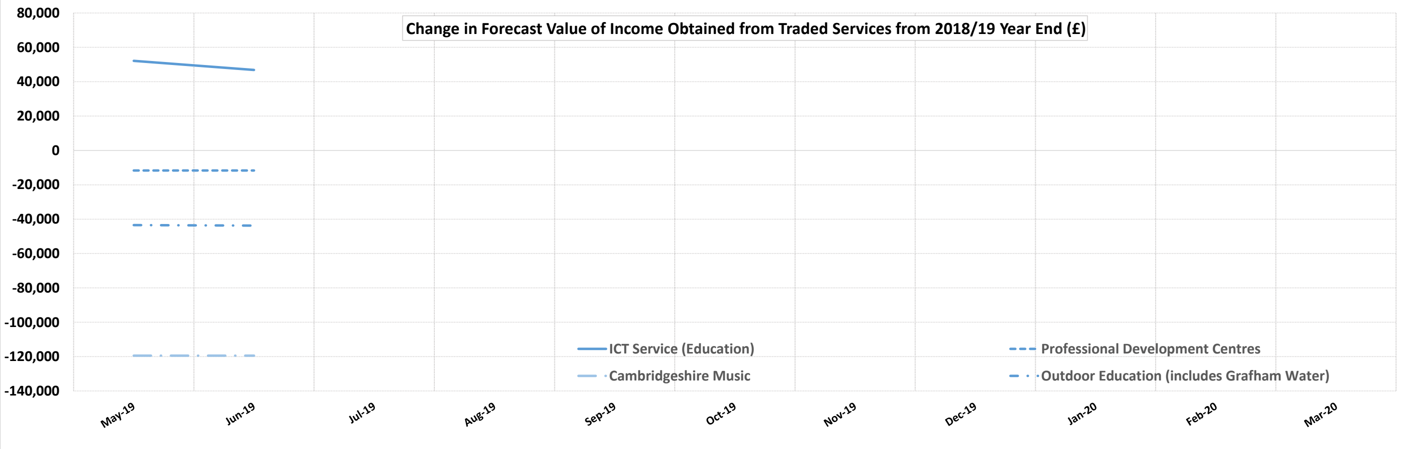
Statistical Neighbours Mean	England Mean	RAG Rating
N/A	N/A	N/A

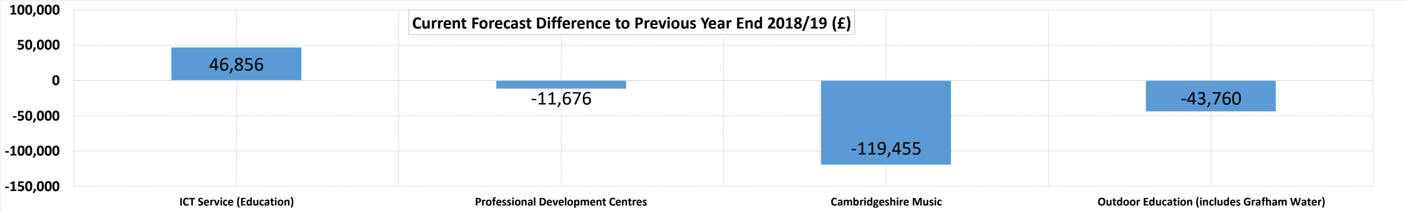
Indicator Description

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, all traded services, except for The ICT Centre, 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 plan. 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.