

Playden DC Report October 2017

1. Cabinet Meeting 2nd October 2017

At the Cabinet Meeting in February (13.02.2017), discussions were had regarding RDC's investment strategy. RDC is not inclined to borrow in order to generate additional income. It was noted at this Cabinet Meeting that RDC held £28 million of investments as at 31st December 2016 and the investment portfolio yield to 31st December 2016 was £118,000 (the average rate of return being around 0.62%). Current investments are in 'safe' but low yield investments including Government gilts (1.25%), bank deposits (average approximately 0.5%) and a sum invested in CCLA Property Fund (4.77%). We needed to consider options whereby we can increase the yield on investments in order to deliver RDC services and the Corporate Plan.

At the Cabinet Meeting on 2nd October, Cabinet considered the RDC Asset Management Plan (AMP) and recommendations regarding the future delivery of the AMP and the resources required to achieve the Rother 2020 savings programme income target of £600,000 minimum per annum.

Of note, discussions regarding the need to generate additional income through investment in property assets were held. Property could represent a key area where RDC could generate increased income to offset the loss in Government grant funding. Councillors were asked to support a policy of property acquisition through a specific investment strategy (using specialist consultants). Cabinet approved, subject to full Council approval an initial budget of £7 million for acquisitions of investment property. The current yields for commercial property range between 4.25-9% depending on where and type.

RDC proposes to invest within the District and within 90 minutes of the District. Some councils invest solely within their own district and others wherever they can make their target investment. There are limited investment opportunities within the District and there is concern that there is a 'man reputational' risk to the Council if we invest outside the District. However, the aim is to maximise income in order to deliver services and the Corporate Plan.

An Investment Panel, made up of Members and officers is to be established to ensure streamlined decision-making in order to respond flexibly to opportunities.

2. Cemetery provision and charging structure: Of note, a question often asked is why RDC does not have a crematorium in the District. The most recent feasibility study for this was commissioned in 2012/13. The capital investment required would be in the region of £3.5 million and there is not a sufficient business case for the Council to develop and operate its own crematorium.

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