

## **Minutes of the meeting of the Belbroughton Parish Council Finance Committee held in the Meeting Room Belbroughton on Monday 15<sup>th</sup> November 2010**

**Present:** Cllrs K Green, J Bradley, T Jones, J Kitson, P Peacock, and C Scurrall.

In attendance: Mrs C Limm, Clerk.

### **358/10 Apologies**

Apologies were received and accepted from Cllr Hadley.

### **359/10 Declarations of Interest**

Cllr Kitson declared a prejudicial interest in relation to discussion of any financial products offered by Prosperity since he was associated with the firm.

### **360/10 Minutes of the Meetings**

The Minutes of the meeting on 18<sup>th</sup> October were agreed and the Minute book signed by the Chairman.

### **361/10 Bank reconciliations**

The bank reconciliations for the Council's two accounts were noted by the Committee and signed by the Chairman.

### **362/10 Income and Expenditure**

A report on income and expenditure against budget was noted by the Committee.

### **363/10 Accounts for Payment**

A list of payments for November was circulated and approved by the Committee.

### **364/10 Parish Council's budget for 2011/12**

A draft budget had been produced by the budget sub-group. This budget had been drawn up on the assumption that the precept would not be increased. Whilst known cost increases had been included (eg in the Clerk's pension costs) no general uplift had been included for inflation. Reduced spending had been assumed in some areas - notably village tidying- to balance increased spending in others.

Members of the sub-group had differed on whether the precept should be held at the same level as in 2010/11 (£55,000) or increased by a small percentage to take some account of inflation. It was noted that the District Council could plan a total spending increase of up to 2% without increasing its precept since central Government would fund an increase of up to that amount. If the Parish Council did not increase its precept then inflation meant that there would be a real reduction in spending. The counter argument was that residents would not expect the Council to increase its precept in the current climate and that, if necessary, 'Other' income could be used to help fund 'Ordinary' spending. The Committee agreed to recommend the draft budget to the Council with the precept held at £55,000.

Other points agreed were:

- the Committee would consider whether to have resurfacing work done on Fairfield Recreation Ground car park in the New Year. The Clerk was asked to get quotes.

- The Clerk would ask the County Council to provide better information about lighting costs and also check the design of replacement lamps. If possible a consistent attractive design should be used.

### **365/10 Investments**

The Council had delegated to the Committee the power to decide on investment of the remaining £50,000 of the Council's capital in a long term bond. The Clerk confirmed that there were no attractive bonds available. Lloyds had a 2 year bond paying 2.6% interest; Santander had a one year tracker bond which tracked the base rate but never paid less than 2.6%. The money in the Scottish Widows 7 Day Notice account was currently receiving 2% interest which was reducing to 1.85% from 10 December.

Mark Pritchard of Prosperity had provided further advice on other options. Structured products linked to the FTSE similar to the one the Council had already bought were still available. The Committee agreed that it did not support further investment in this type of product. Mark Pritchard had also provided information about a product offered by Gartmore which split funds between holdings in different kinds of investments and aimed to minimise volatility. The return since the fund started in November 2008 had been 8% pa. The Committee noted that a key feature of this investment was that the capital was not guaranteed. The Clerk reminded the Committee that Government guidance said that the security of the capital should be the first consideration for Councils, followed by liquidity and yield. The Parish Council was obliged to take account of but not necessarily to follow this guidance, although it would need to be able to justify not doing so.

The Committee did not make a recommendation but agreed that the Council should consider whether to invest a sum (which could be less than £50,000) in the Gartmore product. In the meantime the Clerk was asked to make further enquiries about the performance of the Gartmore fund manager prior to the fund's inception and the level of risk to the capital.

### **366/10 Maintenance and Improvements**

There were no items to discuss.

The meeting closed at 9.20 pm.

Signed.....Chairman