



## FAIR OAK & HORTON HEATH PARISH COUNCIL

2 Knowle Park Lane, Fair Oak, Eastleigh, SO50 7GL ☎ (023) 8069 2403

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📱 @fairoakandhortonheathparishcouncil 📷 fairoakandhortonheath

### SUMMONS

Dear Member

23 February 2024

You are hereby summoned to attend a meeting of the **FINANCE COMMITTEE** held on Friday, 01 March 2024 at 11.30 a.m at the Parish Office, 2 Knowle Park Lane, Fair Oak.

*Melanie Stephens*

Melanie Stephens, Parish Clerk

**PUBLIC PARTICIPATION:** This meeting is open to members of the public. If you wish to speak at the meeting, you should submit a request by email to [clerk@fairoak-pc.gov.uk](mailto:clerk@fairoak-pc.gov.uk) by 4pm on Thursday 29 February 2024.

### AGENDA

#### APOLOGIES

#### 1 DECLARATIONS OF INTEREST

To receive declarations of interest and dispensation requests.

#### 2 MINUTES (PAPER A, PAGES 2-4)

To note the minutes of the meeting held on 1 December 2023.

#### 3 FINANCIAL MONITORING REPORT (REPORT B, TO FOLLOW)

To note the report of the Finance Officer.

#### 4 ALLOCATION OF CAPITAL RESERVES 24/25 (REPORT C, PAGES 5-7)

To approve the allocation of capital reserves for 2024/2025.

#### 5 INVESTMENT STRATEGY (REPORT D, PAGES 8-11)

To review the Council's investment strategy.

#### 6 WORK PROGRAMME (REPORT E, PAGE 12)

To note the work programme.

#### To: Councillors

Cllr P Barrett

Cllr H Douglas (Chairman)

Cllr W Chivuchi

Cllr N Couldrey

Cllr K Forfar

Cllr T Higby

Cllr M Marsh

Cllr B Tennent

#### Officers

Mrs J Cahill (RFO)

Ms M Stephens (Clerk)



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**Minutes of the FINANCE COMMITTEE meeting held on  
Friday, 1 December 2023 at 10.00am  
at the Fair Oak Parish Office, 2 Knowle Park Lane, Fair Oak**

P – present, Pt – part of the meeting, Ab – absent, Ap – apologies.

Ap Cllr Barrett  
P Cllr Douglas (Chair)  
Ab Cllr Chivuchi  
P Cllr Couldrey  
Ab Cllr Forfar  
Ap Cllr Higby  
P Cllr Marsh  
P Cllr Tennent

### Officers in attendance:

Joanna Cahill, Responsible Finance Officer and Melanie Stephens, Clerk (via Teams)

### PUBLIC SESSION

No members of the public were present.

### 13 DECLARATIONS OF INTEREST

Cllr Douglas, Minute No 15.

### 14 MINUTES OF MEETINGS (PAPER A)

#### RESOLVED:

That the minutes of the inquorate meeting held on 4 September 2023 be noted.

### 15 COMMUNITY GRANTS (REPORT B)

Cllr Douglas declared a pecuniary interest as the wife of the Treasurer of the Squash Club. She did not participate in the discussion and did not vote.

*The meeting was inquorate for this part of the meeting.*

The Committee considered the grant applications received for 2023/24.

Discussion ensued on whether the grant fund had been fairly distributed between the

applicants, based on the merit of each project. Members expressed some concern that a smaller amount was allocated to the squash club compared to other grant applicants. As such all members agreed to increase this by £100 and award £350 to the Club.

Some members raised their concern regarding supporting projects for other statutory bodies such as local schools who were funded separately by the Local Education Authority. As such the School's recommended grant allocation was reduced by £100.

As the meeting was inquorate for part of the discussion, the Council are hereby:

**RECOMMENDED:**

That the Council approve the community grant awards as set out below:

APPLICANT	AMOUNT REQUESTED	TOTAL PROJECT COST	AMOUNT APPROVED
Cricket Club	£500	£600	£500
Community Library	£1,000	£1,000	£600
Fountain Café	£500	£1,800	£350
Friends of FO Infant School	£1,000	£5,200	£900
Fair Oak Squash Club	£500	£960	£350
St Toms Church	£500	£1,000	£500
Fair Oak Village Hall	£750	£1,000	£700
Victim Support	£100	£1,000	£100
<b>Total</b>	<b>£4,850</b>		<b>£4,000</b>

**16 BUDGET TASK & FINISH GROUP (REPORT C)**

The Committee discussed the budget and precept setting recommendations from the Budget Task & Finish Group.

Whilst the Group had recommended a 6% uplift in the precept for 2024/25, several budget adjustments were needed due to receipt of last-minute quotes for goods and services. With these adjustments, the precept requirement was an increase of 6.2%. This represented a 13p per week or £6.84 per year increase for band D properties. Members supported the proposed revised budget of £645,438 and precept of £530,338 for the 2024/25 financial year.

Members of the Budget Task & Finish Group commented that they had been prudent and reduced 'wish list' projects in order to keep the end precept/council tax to a minimum.

Members expressed the view that the budget was a reasonable balance between maintaining the service provision of the Council and delivering essential projects whilst also safeguarding the impact on the resident during the continued financial pressures.

Members were informed that the minimal wage increase would not impact the Council as all employees were paid above that rate.

Members wished to remind Officers that they would not look favorably on in year supplementary requests as they felt that this reflected poorly on the Council in its budget forecasting and management, the only exception would be emergencies works.

**RECOMMENDED:**

That the Council: -

- a) Approves the proposed budget attached at Appendix 1;
- b) Approves the precept allocation of £530,338;
- c) Approves the 6.2% increase in the 2024/25 precept representing a £6.84 increase per year for a Band D property;
- d) Approves the 6% increase of the fees and charges attached at Appendix 2;
- e) Approves the increase of staff salaries by 2%;
- f) Approves the staff budget set out in Appendix 3 be approved (confidential paper) to include an additional seasonal grounds post and increase in 2 hours per week on the relief caretaker role; and
- g) Approves the use of Ear Marked Reserves, as set out in Appendix 4.

## **17 WORK PROGRAMME (REPORT D)**

### **RESOLVED:**

That the work programme is noted.

## **18 EXCLUSION OF THE PUBLIC AND THE PRESS**

### **RESOLVED:**

“That, under Section 1(2) of the Public Bodies Admissions to Meetings Act 1960, the public and the Press be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information which would be prejudicial to the public interest by reason of its confidential nature (staffing matters)”

## **19 STAFF SALARIES (REPORT E)**

The Committee considered the proposed staff salary increases for 2024/2025 as well as the proposal to appoint a new full time seasonal grounds operative and increase the relief caretaker resource by 2 hours per week.

### **RECOMMENDED:**

That the Council: -

- a) Approves the proposal to increase staff salaries by 2% in the 2024/25 financial year (as set out in Appendix 1 to Report E);
- b) Approves the appointment of a full-time seasonal grounds’ operative, on a salary of £13.49 per hour, effective April 2024; and
- c) Approves the increase of the relief caretaker hours by 2 hours per week.

Signed.....Chairman

Accessibility - should you need to view these minutes in an alternative format please contact: [enquires@fairoak-pc.gov.uk](mailto:enquires@fairoak-pc.gov.uk)

## FINANCE COMMITTEE – 1 MARCH 2024

### ALLOCATION OF CAPITAL RESERVES 24/25

#### 1 RECOMMENDATIONS

- 1.1 That the Committee notes the current capital reserves for 2024/2025 as set out in **Appendix 1**;
- 1.2 That the Committee approves the reallocation of underspends to support ongoing projects as set out in paragraph 4.2.

#### 2 PURPOSE

- 2.1 The purpose of this report is two-fold; approval for the reallocation of funding between schemes to address an identified budget shortfall and the approval of the reserves set out in Appendix 1.

#### 3 CURRENT POSITION

- 3.1 The total capital reserves held on account as at 20 February 2024 is **£286,313**. Under the advice of the Council's auditor, the Council has completed projects to the tune of £655,098 in the last year.
- 3.1 The schedule of current allocations is set out in Appendix 1. Commentary is given on the progress of projects, anticipated start dates and any underspends.
- 3.2 Capital reserves relate to specific projects. These must be spent within a reasonable timeframe. The Council is not able to use these reserves as a 'savings' account. Where underspends are identified these must be reallocated to support other projects which show a budget shortfall.

#### 4 PROPOSED REALLOCATION OF FUNDS

- 4.1 Members have previously agreed that requests for additional funding outside of the annual capital bid process should be met from within the existing sums within Ear Marked Reserves if appropriate. Otherwise, schemes will not be approved and will only be considered as part of the next years budgeting round.
- 4.2 Proposed reallocation of funds: -

Code	Account	Current fund	Proposed Reallocation
317	CDO Project fund	£63,090	£3,090 to support completion of soft landscaping at the cafe
390	HHCC Flooring	£40,250	£10,250 to support library roof project
396	Woodland Play Area	£29,400	£8,000 to support Upper Barn Copse

- 4.3 The reallocation of the underspends identified in the above reserves will allow the commencement and completion of planned projects. It is worth noting that the Internal Auditor has advised on numerous occasions that the Council cannot hold 'sinking' funds and reserves must be spent for their intended purpose or reallocated.
- 4.4 Fair Oak has and will continue to experience significant development over the next few years. This is bittersweet, developments encroach on natural green spaces however, their approval means that funds are allocated to community infrastructure via legal section 106 agreements. Funds are often used for the installation of play areas for example, however these assets in time need replacement. The Council will need to consider long term

strategies regarding community infrastructure as development will slow and section 106 monies cease.

- 4.5 The Council is expected to receive approximately £888,180 from Crowdhill Green and Pembers Hill Drive for public open space onsite maintenance in the next 12 months.

## **5 FINANCIAL IMPLICATIONS**

- 5.1. It is important that the Council regularly reviews the funds held in Ear Marked Reserves to ensure that funds are being spent appropriately and where underspends are identified, these are used to support other projects.

## **6 CLIMATE/CRIME & DISORDER IMPLICATIONS**

- 6.1 None directly arising from this report.

## **7 EQUALITY & DIVERSITY IMPLICATIONS**

- 7.1 None directly arising from this report.

## **8 CONCLUSION**

- 8.1 The Councils current EMR position and proposed position for 2024/25 is set out above for the underspends identified. It is hoped the committee will approve the reallocation of underspends (13% of the total EMR) for reallocation to support ongoing projects.

### **FOR FURTHER INFORMATION CONTACT:**

Name: Jo Cahill, Responsible Finance Officer

Email: [finance@fairoak.gov.uk](mailto:finance@fairoak.gov.uk)

Code	Account	Opening Balance	Net Transfers	Closing Balance	Comments
312	Village Enhancements	£ 5,196	-£ 5,196	£ -	Project completed in 2022
315	Community Library	£ 120,840	-£ 120,840	£ -	Project completed in 2023. £17k required for refelting library roof (2026)
316	Community Development Pos	£ 130,637	-£ 16,653	£ 113,984	Salary, training & pension for CDO
317	Community Development Pro	£ 77,103	-£ 14,013	£ 63,090	Project funds to support various adhoc community initiatives. Ringfence £3k for edible planting
320	Crowdhill Green	£ 8,997	-£ 8,997	£ -	Project compelted in 2023
325	Knowle Park	£ 2,825	-£ 2,600	£ 225	KP ditch and drainage clearance
340	Knowle Park Office &comp	£ 10,717	-£ 5,758	£ 4,959	Remaining funds for completion of solar project
345	Lapstone Farm	£ 61,345	-£ 1,072	£ 60,273	£35k ear marked for cemetery road project. Remaining £35k for pavilion improvements (2025)
350	Horton Heath CC	£ 2,708		£ 2,708	New LED lights Summer 24
365	Election expenses	£ 6,000	-£ 6,000	£ -	Moved to Café project
375	New Century Park	£ 342,615	-£ 411,236	-£ 68,621	Café project overspend
390	HHCC Flooring	£ 40,250		£ 40,250	Reburbish floor (£20k) planned 2025. £10k for toilet refurbishment 2026. £10,250 remaining
394	Public Art	£ -	£ 16,942	£ 16,942	To support new artwork at New Century Park
395	Onsite Main! Knowle Park	£ 6,750	-£ 1,899	£ 4,851	For x2 tree maintenance in KP - retain ongoing
396	Woodland Play Area	£ 125,178	-£ 95,778	£ 29,400	New infrastructure to support YP (£20k) & replacement trees (£1.4K) 2024. £8k remaining
398	Greening Campaign	£ 251		£ 251	Remaining funds to support ongoing digital communication
399	Brookfield Carpark	£ -	£ 18,000	£ 18,000	Refurbishment of car park (short £15k 2025/26 budget)
		<b>£ 941,411</b>	<b>-£ 655,098</b>	<b>£ 286,313</b>	

**Exptected S106 Funds 2024**

Pembers Hill Drive onsite maint £ 94,836

Crowdhill Green onsite maint £ 793,344

**Total £ 888,180**

INVESTMENT STRATEGY 2024/2025

**1. RECOMMENDATIONS**

1.1 That the Investment Strategy 2024/25 as set out in **Appendix 1** be approved.

**2. PURPOSE**

2.1 The Strategy defines the Council's approach to making and holding investments, other than those made for normal treasury management. The Strategy is essentially the same as the Committee approved last year except for paragraph 5.6 which strengthens the Council commitment to sustainable practices.

**3. INVESTMENT STRATEGY**

3.1 The Council's Investments Strategy can be found at Appendix 1. The Strategy outlines the priorities for investment and the ways in which the Council will manage its financial portfolio.

**4. FINANCIAL IMPLICATIONS**

4.1 The report is regarding financial matters.

**5. CLIMATE/CRIME & DISORDER IMPLICATIONS**

5.1 Finance and investment can have climate-related impacts, depending on where funds are held and how they are used. As such, the Council should consider opportunities to ensure that its investments are not contributing to the negative climate and environmental impacts. In addition, opportunities for investments that provide positive benefits should also be considered, and this will be outlined in the Council's emerging sustainable procurement strategy.

**6. EQUALITY & DIVERSITY IMPLICATIONS**

6.1 None directly arising from this report.

**7. CONCLUSION**

7.1 The Council must ensure that it has a robust investment strategy in place to effectively manage its finances, optimize returns on investments, ensure long-term financial stability, fund important projects and services, and mitigate financial risks. An investment strategy helps the Council to make informed decisions, and adapt to changes in the financial landscape, ultimately benefiting the community it serves.

**FOR FURTHER INFORMATION CONTACT:**

Name: Jo Cahill, Responsible Finance Officer

Email: [finance@fairoak.gov.uk](mailto:finance@fairoak.gov.uk)



**FINANCE & INVESTMENT STRATEGY 2024/25**

**1. INTRODUCTION**

- 1.1. The Finance and Investment Strategy is a high-level document giving an overview of how prudential financing, treasury management and investment is managed by the Council, with an overview of current activities and the implications for future financial sustainability.
- 1.2. The Strategy has been produced by following statutory guidance issued by the Secretary of State on Local Government Investments (3rd edition) under Section 15(1) of the Local Government Act 2003. It sets out the general principles to be adopted in the management of the Council's finances and investments.

**2. OBJECTIVES**

- 2.1. The overarching policy objective is the cautious and prudent management of Council investments and finances. The Council will achieve this by: -
  - (a) Ensure that reserve funds are secure;
  - (b) The liquidity of general investments;
  - (c) Generate a good yield from capital reserve investment;
  - (d) To generate sufficient income to support capital expenditure budget on a year-by-year basis;
  - (e) Ensure that all investment yields grow in line with inflation as a minimum, in order to maintain the capital value of the original investment amount.
- 2.2. The Council will aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity.
- 2.3. Adequate liquidity is required to ensure that day-to-day activities can be funded and at the same time, to ensure that an appropriate return on cash deposits is achieved.

**3. TREASURY MANAGEMENT**

- 3.1. Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Council's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met through the Council's Capital Reserves to avoid excessive credit balances or overdrafts in the Council's current account. The Council is typically cash rich in the short-term as revenue income is received before it is spent; but will become cash poor in the long-term as capital expenditure is incurred before being financed.
- 3.2. When developing financial plans/the annual precept and budget the Council will: -
  - a) Maintain a working bank account balance of approximately 3 months of net anticipated expenditure.

- b) Place any surplus monies within UK bank & building society accounts that are accessible immediately or within a specified period of notice to generate a suitable level of interest return.
- c) Maintain a general fund reserve not earmarked for specific purposes, to cushion the impact of unexpected emergencies or events of 3-6 months of gross revenue expenditure.
- d) Maintain Earmarked Reserves, for both capital and revenue expenditure, to meet known or predicted future liabilities, identified in the Council's budget planning.
- e) Only invest in institutions of high credit quality, based on information from credit rating agencies.

3.3. The Council will not borrow money. Any borrowing required to meet the Council's capital expenditure is to be met by using cash held in reserves rather than raising loans.

#### 4. ASSET MANAGEMENT & ASSET DISPOSALS

- 4.1. **Asset Management** - the Council's Operations Manager, in consultation with the Clerk, has overall responsibility for the management of the council's property and regularly liaises with the Responsible Finance Officer (RFO) regarding budgeted spending and annually for capital bids.
- 4.2. **Asset Disposals** – when a capital asset is no longer needed, it may be sold so that the proceeds (capital receipts), can be spent on new assets.

#### 5. INVESTMENT STRATEGY

5.1. Treasury investments arise from receiving cash before it is paid out again. Investments made for operations reasons or for pure financial gain are not generally considered to be part of treasury management. Money that is likely to be spent in the near term is invested securely, for example with the government, other local authorities or selected high-quality UK banks, to minimise the risk of loss. Money that is likely to be spent in the longer term is also invested in the same way.

5.2. The table below shows the Council's current investments as a 23rd February

Current Account	£60,667
Premier Account	£93,338
Public Sector Account	£ 292,905

5.3. The Council will ensure that all investments are 'Specified Investments' meaning that:

- a) All investments will be made in sterling and any payments or repayments will also be made in sterling, with UK registered institutions;
- b) The council will invest in the long term. By investing securely in the CCLA property Fund, which will maximise return.
- c) All investments will be made with 'A' 'High Credit Quality' institution, as given by a Credit Rating Agency;

(f) All investments will be made in UK banks and building societies or other UK regulated institutions or funds;

(g) A Credit Rating Agency will be taken as meaning one of the following: -

- Standard and Poor's
- Moody's Investors Services Limited
- Fitch Rating Limited

5.4. Credit Ratings will be monitored and reported to the Finance Committee at yearly intervals, if the rating falls during this period, the Responsible Finance Officer, in consultation with the Chairman and Clerk of the Council, will decide on any appropriate action.

5.5. Investments will not be made with bodies, institutions or funds that support or exploit, either directly or indirectly the inappropriate welfare and treatment of people of animal/wildlife. The Council may from time to time produce a list of specific investments or investment sectors that it wishes to avoid. The Council will satisfy itself that funds are only invested in an ethical manner commensurate with the use of public monies.

5.6. Low carbon energy investments which help to reduce climate change will be considered. Any such investment will still be expected to make a positive return, though in making the investment the Council will consider the environmental and social benefits as well as the financial return.

5.7. The Council's approach to investment risk can be defined as 'lower-medium' risk. Advice will be sought from a suitably qualified and experienced persons or bodies with a proven track record prior to investment decision being made who must be regulated by the Finance Conduct Authority.

5.8. Decisions regarding the investment of Capital Reserves is to be made with a medium-term view of the market in mind of at least 5 years whilst complying with the statutory guidance issued regarding the length of any individual investment.

5.9. The Department of Communities and Local Government maintain that borrowing monies purely to invest or to lend in order to make a return is inappropriate for Town/Parish Council's, and the Parish Council will therefore not engage in such activity.

## **6. FINANCIAL GOVERNANCE**

6.1. The RFO will review this strategy, in consultation with the Clerk, annually, for approval by the Council prior to the beginning of any new financial year. Should the RFO see necessary, any variations before that time will be referred to the Full Council for approval.

6.2. The Council currently employs a professionally qualified and experienced RFO responsible for making capital expenditure, borrowing and investment decisions. Where Council staff do not have the knowledge and skills required, use will be made of external advisers and consultants that are specialists in their field.

Date Adopted: 10 March 2022

Review Date: 1 March 2024

## FINANCE COMMITTEE – WORK PROGRAMME (2024/25)

# E

ITEM	OBJECTIVE	METHOD	LEAD OFFICER
<b><u>5 JULY 2024</u></b>			
<b>Finance Monitoring Report</b>	To review the quarterly accounts	Report	Joanna Cahill
<b>Financial Risk Assessment</b>	To review the Financial Risk Assessment	Report	Mel Stephens
<b>Finance Regulations</b>	To review the regulations	Report	Mel Stephens/Joanna Cahill
<b><u>6 DECEMBER 2024</u></b>			
<b>Budget 2025/26 (including Budget T&amp;F recommendations)</b>	To review the draft budget prior to being submitted for final approval by Full Council	Report	Mel Stephens/Joanna Cahill
<b>Grant Applications</b>	To review applications received during the application deadline	Report	Mel Stephens
<b>Review of VAT</b>	To undertake the VAT review	Report	Joanna Cahill
<b><u>7 MARCH 2025</u></b>			
<b>Finance Monitoring Report</b>	To receive an update from the RFO including EOY progress.	Report	Mel Stephens/Joanna Cahill
<b>Allocation of Capital Reserves</b>	To agree allocation of capital reserves.	Report	Mel Stephens
<b>Investment Strategy</b>	To review the Strategy	Report	Mel Stephens/Joanna Cahill

**NB: Budget Task & Finish Group will meet on 3 September, 28 October & 25 November 2024**