FAIR OAK & HORTON HEATH PARISH COUNCIL
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SUMMONS

17 June 2025

Dear Member

You are hereby summoned to attend a meeting of the Special **FINANCE COMMITTEE** held on Monday 23 June 2025 at 4:00 pm at the Parish Office, 2 Knowle Park Lane, Fair Oak.

Michelle Leadbitter-Allen

Michelle Leadbitter-Allen, Acting Executive Officer

PUBLIC INFORMATION: Members of the public are welcome to attend this meeting. The seating capacity of our Conference Room for members of the public is limited under fire regulations to 22.

PUBLIC PARTICIPATION: Members of the public may speak in accordance with the Council's public participation scheme: (a) on items under the Council's remit which are not on the public agenda; and/or (b) on individual items on the public agenda, when the Chairman calls that item. Speeches may not exceed three minutes.

Anyone wishing to attend the meeting or speak in accordance with the Council's public participation scheme, should contact the Parish Clerk by emailing finance@fairoak-pc.gov.uk no later than 12.00 noon on Monday, 16 June 2025.

AGENDA

PART I – PUBLIC SESSION

APOLOGIES

1. DECLARATIONS OF INTEREST

To receive declarations of interest and dispensation requests.

2. MINUTES (PAPER A, PAGES 3-5)

To note the minutes of the meeting held on 2 May 2025.

3. PUBLIC PARTICIPATION

To receive any public participation in accordance with the Council's public participation scheme.

4. QUARTERLY FINANCIAL MONITORING REPORT (REPORT B, PAGES 6-23)

To approve the report of the Finance Officer.

5. FINANCE RISK ASSESSMENT (REPORT C, 24-28)

To approve the Council's Finance Risk Assessment.

6. INTERNAL CONTROLS (REPORT D, PAGES 29-33)

To approve the Council's Finance Risk Assessment.

7. FINANCE REGULATIONS (REPORT E, 34-47)

To approve the Council's Finance Regulations

8. WORK PROGRAMME (REPORT F, PAGE 48)

To note the work programme.

To: Councillors

Cllr P Barrett

Cllr K Forfar

Cllr H Douglas (Chairman)

Cllr T Higby

Cllr W Chivuchi

Cllr N Couldrey

Cllr M Marsh

Cllr B Tennent

Officers

Mrs J Cahill (RFO)

Michelle Leadbitter-Allen, Acting Executive Officer

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Minutes of the **FINANCE COMMITTEE** meeting held on Friday,7 March 2025 at 10.00am at the Parish Office, 2 Knowle Park Lane, Fair Oak

Present: Cllrs Couldrey, Douglas (Chair), Chivuchi & Tennent

Officers in attendance: Joanna Cahill, Responsible Finance Officer and Michelle Leadbitter-Allen, Deputy Clerk.

Apologies: Cllrs Barrett, Forfar, Higby & Marsh

20. DECLARATIONS OF INTEREST

Cllr Couldrey - Minute No 24

21. MINUTES OF MEETINGS (PAPER A)

That the minutes of the meeting held on 2 December 2024 be noted.

22. PUBLIC PARTICIPATION

There were no members of the public present.

23. FINANCIAL MONITORING REPORT (REPORT B)

The Committee considered the financial monitoring report which set out the financial position of the Council as at 28 February 2025.

The Financial Officer explained that the venue hire and football income would unlikely meet the predicted budget targets despite outstanding invoices for the remainder of the financial year.

The Financial Officer highlighted key variances in budget performance. She stated that while interest received was slightly below budget, March's accounts were yet to be completed. She also noted that income from hall hires, particularly from Rainbows and Woodlands, showed a significant adverse variance. However, this was expected to improve once outstanding invoices were issued.

The Committee discussed the invoicing system for large hirers, noting that payments were structured termly, causing fluctuations in recorded income. Concerns were raised about nurseries operating on termly arrears, increasing financial risks for the Council. It was suggested that discussions be held with the relevant parties to transition to a monthly payment structure to

mitigate potential financial exposure.

The Deputy Clerk provided an update on utilities, explaining that a refund had been secured following a challenge to a high-water bill due to a faulty meter at the Fountain Café/Splashpad site. However, she expressed caution regarding the unexpected amount and timing of this refund and intended to verify the accuracy of this payment.

The Deputy Clerk also highlighted ongoing efforts to switch to greener, more cost-effective suppliers. She reported challenges in transitioning accounts due to inconsistencies in property records but assured the Committee that work was ongoing to resolve these issues.

RESOLVED:

That the latest budget position as set out in Appendix 1 to Report B be noted.

Action: Jo Cahill

24. ALLOCATION OF CAPITAL RESERVES 2025/26 (REPORT C)

The Committee reviewed the allocation of capital reserves and associated projects. Officers clarified the categorisation of funds, including staff resources, corporate projects, and play area refurbishments. It was noted that funds allocated for staff resources would need to account for the permanent Community Development Office post cost beyond 2027. It was recommended that budget planning, through the main precept, begin immediately to ensure continued financial support for the role.

Concerns were raised regarding potential changes in the allocation of discretionary Section 106 developer contributions via the Local Area Committee, which could impact planned projects. Members requested clarification on policy changes affecting access to reserves.

RECOMMENDED:

a) That the Council approve the current capital reserves for 2025/2026 as set out in Appendix 1 to Report C and;

a) That the Community Development Officer position be permanently funded beyond 2027 via the main precept.

25. INVESTMENT STRATEGY (REPORT D)

The Committee considered the Investment Strategy 2025/26.

The Committee discussed the Investment Strategy for 2025/26, emphasising the need to optimise returns on upcoming large Section 106 funds for Crowdhill Green and Pembers Hill Farm.

A discussion took place regarding ethical investment policies. Members agreed that while return on investment remained a priority, an inquiry should be made into whether the Council's funds were invested in industries such as tobacco, fossil fuels, or armaments. The RFO was tasked with researching the investment policies of the Council's banking institutions and investment funds.

RESOLVED:

a) That the Investment Strategy 2025/2026 as set out in Appendix 1 to Report D be approved; and

b) That the Responsible Finance Officer (RFO) explore high-yield investment options for funds not immediately required.

Action: Jo Cahill

26. ADDITIONAL DEBIT CARD

The Committee considered the proposal to allocate the Community Development Officer with a debit card.

RESOLVED:

That the Community Development Officer be allocated a debit card.

Action: Jo Cahill

27. WORK PROGRAMME (REPORT E)

Members acknowledge and thanked Officers' for their efforts in securing cost savings and enhancing financial oversight.

RESOLVED:

That the work programme be approved.

That was all the business and the meeting concluded at 11.47am

Signed ……. Chairman

Dated:

enquires@fairoak-pc.gov.uk

FINANCE COMMITTEE – 23 JUNE 2025

FINANCIAL MONITORING REPORT – QUARTER 4 FINANCIAL COMMENTARY FOR THE PERIOD 01 APRIL 2025 TO 16 JUNE 2025

1. RECOMMENDATION

1.1 It is recommended that Committee notes the latest budget position as at 16th June as set out in Appendix 1 to this report.

2. INTRODUCTION

2.1 This is a monitoring report on the current position relating to the 2025/26 budget approved by the Council in January 2025.

3. BACKGROUND

3.1 It is important that The Council manages its finances prudently. The Council undertakes a continuous review of its finances with monthly reports from the Responsible Finance Officer on highlighting the current bank balances and BAC transfers. In addition, quarterly budget monitoring reports form an important part of the review process and support the ongoing development of the budget planning for the forthcoming financial year.

4. BUDGET 2025/26

4.1 A budget of £787,016 for 2025/26 was agreed by the Council in January 25. The full budget is attached at Appendix 1 (current year –agreed column).

4.2 The Council has only had 3 months of spending so far. All codes are within budget, except for Business Rates where The Council is over budget at Woodlands Community Centre (£229) Despite adding more contingency into the Business Rate budget codes for this financial year – the rates Eastleigh Borough Council have set are higher than budgeted.

4.3 The Council does not currently have a dedicated budget line for contract cleaning, as the cleaning contract was approved after the annual budget had been set. It was agreed that engaging a contract cleaning service would be a more efficient alternative to recruiting additional caretaking staff. This approach will result in cost savings, which will ultimately have a positive impact on the overall staffing budget.

5. TOTALS

5.1 Totals as of 16th June are: -

Total Income: - £358,123 (£316,358 relates to 1st half precept)
Total Expenditure: - £162,988

6. EARMARKED RESERVES

6.1 Appendix 2 shows the current position regarding the Council's Ear Marked Reserves.

7. GENERAL RESERVES

7.1. As part of the last internal audit, the Auditor stated that the general reserve at the 2024/25 year end was below the desired level. The primary contributor to the deficit in General Reserves was the unforeseen costs encountered in the café's construction.

7.2. While this has resulted in a hit to the general reserves this year, The Council have proactively incorporated additional contingency into next year's budget to mitigate any negative financial impact.

7.3. Furthermore despite these challenges, The Council have still managed to maintain healthy bank balances.

7.4. The general reserves are currently £202,482

8. ACCOUNT BALANCES

8.1 The current balances for all 3 of the Council's accounts as at 16th June are as follows: -

Current Account - £249,451
Premier Account - £85,717
Public Sector Account - £229,303

For further information:
Joanna Cahill, Responsible Finance Officer
finance@fairoak-pc.gov.uk
Background papers:
None.

appendix 1

Fair Oak & Horton Heath Parish Council

Annual Budget - By Centre (Actual YTD Month 3)

		Last year		Current Year						Next Year		
		Budget	Actual	Brought Forward	Net Virement	Agreed	EMR	Total	Actual YTD	Agreed	EMR	Carried Forward
100	**Income**											
1076	Precept	530,338	530,338	0	0	632,716	0	632,716	316,358	0	0	0
1090	Interest Received	14,000	14,454	0	0	14,000	0	14,000	1,707	0	0	0
1300	Football Income	4,500	4,221	0	0	4,500	0	4,500	364	0	0	0
1310	Cricket Income	2,600	2,600	0	0	4,500	0	4,500	0	0	0	0
1550	Tennis Income	2,000	2,276	0	0	2,000	0	2,000	878	0	0	0
1900	Other Income	500	15,263	0	0	0	0	0	26,050	0	0	0
1905	Section 106 Income	0	130,867	0	0	17,000	0	17,000	0	0	0	0
	Total Income	553,938	700,018	0	0	674,716	0	674,716	345,357	0	0	0
6001	less Transfer to EMR	0	120,780	0	0	0	0	0	0	0	0	0
	Movement to/(from) Gen Reserve	553,938	579,238			674,716		674,716	345,357	0		
110	**Administration**											
4000	Salaries	328,534	359,423	0	0	374,464	0	374,464	57,474	0	0	0
4010	Employer's Pension	66,000	80,814	0	0	67,644	0	67,644	16,481	0	0	0
4030	Sickness/Holiday Cover	1,500	2,583	0	0	2,000	0	2,000	1,484	0	0	0
4055	Insurance	17,000	19,345	0	0	20,000	0	20,000	0	0	0	0
4060	Audit	3,207	3,500	0	0	3,500	0	3,500	950	0	0	0
4070	Legal & Professional Fees	5,000	10,378	0	0	5,000	0	5,000	895	0	0	0
4075	Postage	100	113	0	0	150	0	150	0	0	0	0
4080	Stationery	500	406	0	0	500	0	500	102	0	0	0
4085	Printer Consumables	1,100	1,164	0	0	780	0	780	173	0	0	0
4090	Admin Maintenance	1,000	656	0	0	1,000	0	1,000	145	0	0	0
4095	Bank Charges	50	62	0	0	60	0	60	11	0	0	0

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		Last year		Current Year						Next Year		
		Budget	Actual	Brought Forward	Net Virement	Agreed	EMR	Total	Actual YTD	Agreed	EMR	Carried Forward
4100	Chairman's Allownace	400	434	0	0	400	0	400	329	0	0	0
4105	Conference/Training/Staffing	2,500	1,852	0	0	2,500	0	2,500	650	0	0	0
4110	Clothing	1,000	788	0	0	700	0	700	46	0	0	0
4120	Telephone & Broadband	5,500	4,247	0	0	5,500	0	5,500	192	0	0	0
4125	Mobile Phone	500	240	0	0	250	0	250	54	0	0	0
4132	Subscriptions	1,000	2,387	0	0	1,200	0	1,200	852	0	0	0
4133	Software and support	10,900	13,768	0	0	14,945	0	14,945	7,574	0	0	0
4990	Sundry Expenses	500	286	0	0	100	0	100	0	0	0	0
	Overhead Expenditure	446,291	502,446	0	0	500,693	0	500,693	87,411	0	0	0
6000	plus Transfer from EMR	0	28,470	0	0	0	0	0	2,355	0	0	0
	Movement to/(from) Gen Reserve	(446,291)	(473,976)			(500,693)		(500,693)	(85,056)	0		
150	**Parish Office**											
1200	Hiring Fees	8,000	6,948	0	0	10,000	0	10,000	900	0	0	0
	Total Income	8,000	6,948	0	0	10,000	0	10,000	900	0	0	0
4395	Business Rates	17,500	17,216	0	0	17,500	0	17,500	17,216	0	0	0
4400	Gas	3,000	3,682	0	0	1,500	0	1,500	1,426	0	0	0
4405	Electricity	6,500	2,256	0	0	2,500	0	2,500	609	0	0	0
4410	Water	750	541	0	0	500	0	500	162	0	0	0
4415	Repairs	500	1,330	0	0	500	0	500	357	0	0	0
4425	Health & Safety	3,200	3,387	0	0	3,200	0	3,200	784	0	0	0
4435	Cleaning	800	1,576	0	0	1,000	0	1,000	59	0	0	0
4440	Contract cleaning	0	1,330	0	0	0	0	0	5,213	0	0	0

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		Last year		Current Year						Next Year		
		Budget	Actual	Brought Forward	Net Virement	Agreed	EMR	Total	Actual YTD	Agreed	EMR	Carried Forward
4450	Equipment - Internal	500	0	0	0	500	0	500	0	0	0	0
4680	General Bin Emptying	1,000	245	0	0	600	0	600	383	0	0	0
4990	Sundry Expenses	100	0	0	0	100	0	100	0	0	0	0
	Overhead Expenditure	33,850	31,562	0	0	27,900	0	27,900	26,207	0	0	0
	Movement to/(from) Gen Reserve	(25,850)	(24,614)			(17,900)		(17,900)	(25,308)	0		
210	**Machinery and Van**											
4300	Machinery - General Repairs	3,000	997	0	0	4,500	0	4,500	0	0	0	0
4305	Fuel	5,000	4,352	0	0	4,500	0	4,500	1,402	0	0	0
4310	Road Tax	700	279	0	0	700	0	700	0	0	0	0
4315	Maintenance - Vans	2,500	8,604	0	0	3,500	0	3,500	917	0	0	0
4320	Vehicle Insurance	4,000	3,672	0	0	4,000	0	4,000	2,490	0	0	0
	Overhead Expenditure	15,200	17,905	0	0	17,200	0	17,200	4,810	0	0	0
	Movement to/(from) Gen Reserve	(15,200)	(17,905)			(17,200)		(17,200)	(4,810)	0		
230	**Crowdhill Community Building**											
1200	Hiring Fees	40,000	34,845	0	0	49,000	0	49,000	3,573	0	0	0
	Total Income	40,000	34,845	0	0	49,000	0	49,000	3,573	0	0	0
4120	Telephone & Broadband	700	116	0	0	700	0	700	49	0	0	0
4395	Business Rates	8,500	10,222	0	0	10,500	0	10,500	10,729	0	0	0
4400	Gas	2,500	2,430	0	0	2,000	0	2,000	157	0	0	0
4405	Electricity	3,000	7,857	0	0	3,000	0	3,000	1,389	0	0	0
4410	Water	350	317	0	0	400	0	400	0	0	0	0

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		Last year		Current Year						Next Year		
		Budget	Actual	Brought Forward	Net Virement	Agreed	EMR	Total	Actual YTD	Agreed	EMR	Carried Forward
4415	Repairs	1,000	2,009	0	0	1,000	0	1,000	0	0	0	0
4420	CCTV Maintenance	100	0	0	0	100	0	100	0	0	0	0
4425	Health & Safety	4,500	6,405	0	0	6,000	0	6,000	297	0	0	0
4435	Cleaning	500	754	0	0	500	0	500	437	0	0	0
4450	Equipment - Internal	500	756	0	0	500	0	500	0	0	0	0
4455	Equipment - External	500	1,018	0	0	500	0	500	0	0	0	0
4680	General Bin Emptying	1,500	1,838	0	0	1,500	0	1,500	404	0	0	0
4990	Sundry Expenses	100	174	0	0	100	0	100	0	0	0	0
	Overhead Expenditure	23,750	33,896	0	0	26,800	0	26,800	13,462	0	0	0
	Movement to/(from) Gen Reserve	16,250	949			22,200		22,200	(9,889)	0		
240	**Pavilion**											
1200	Hiring Fees	500	0	0	0	100	0	100	0	0	0	0
	Total Income	500	0	0	0	100	0	100	0	0	0	0
4120	Telephone & Broadband	700	411	0	0	300	0	300	29	0	0	0
4400	Gas	1,000	655	0	0	1,500	0	1,500	0	0	0	0
4405	Electricity	1,000	1,065	0	0	1,600	0	1,600	1,034	0	0	0
4410	Water	1,000	0	0	0	500	0	500	0	0	0	0
4415	Repairs	1,000	915	0	0	500	0	500	0	0	0	0
4420	CCTV Maintenance	100	100	0	0	100	0	100	0	0	0	0
4425	Health & Safety	2,500	2,801	0	0	2,500	0	2,500	1,294	0	0	0
4435	Cleaning	200	272	0	0	200	0	200	0	0	0	0
4680	General Bin Emptying	1,000	2,309	0	0	2,000	0	2,000	588	0	0	0

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		Last year		Current Year						Next Year		
		Budget	Actual	Brought Forward	Net Virement	Agreed	EMR	Total	Actual YTD	Agreed	EMR	Carried Forward
	Overhead Expenditure	8,500	8,528	0	0	9,200	0	9,200	2,945	0	0	0
	Movement to/(from) Gen Reserve	(8,000)	(8,528)			(9,100)		(9,100)	(2,945)	0		
250	**HHCC**											
1200	Hiring Fees	25,000	31,692	0	0	31,200	0	31,200	4,887	0	0	0
	Total Income	25,000	31,692	0	0	31,200	0	31,200	4,887	0	0	0
4120	Telephone & Broadband	700	738	0	0	700	0	700	19	0	0	0
4395	Business Rates	3,000	3,044	0	0	3,400	0	3,400	3,044	0	0	0
4400	Gas	1,500	1,725	0	0	2,500	0	2,500	0	0	0	0
4405	Electricity	3,500	-2,310	0	0	2,500	0	2,500	731	0	0	0
4410	Water	400	294	0	0	400	0	400	0	0	0	0
4415	Repairs	800	360	0	0	500	0	500	0	0	0	0
4425	Health & Safety	3,282	5,552	0	0	5,000	0	5,000	190	0	0	0
4435	Cleaning	100	75	0	0	100	0	100	25	0	0	0
4450	Equipment - Internal	50	0	0	0	50	0	50	0	0	0	0
4595	General Maintenance	300	0	0	0	300	0	300	0	0	0	0
4680	General Bin Emptying	1,000	1,154	0	0	1,000	0	1,000	294	0	0	0
	Overhead Expenditure	14,632	10,633	0	0	16,450	0	16,450	4,303	0	0	0
	Movement to/(from) Gen Reserve	10,368	21,059			14,750		14,750	584	0		
280	**Other Properties**											
4480	Bus Shelters	100	100	0	0	100	0	100	0	0	0	0
4485	Memorial	50	0	0	0	50	0	50	0	0	0	0

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		Last year		Current Year						Next Year		
		Budget	Actual	Brought Forward	Net Virement	Agreed	EMR	Total	Actual YTD	Agreed	EMR	Carried Forward
4490	Memorial Clock	600	280	0	0	600	0	600	0	0	0	0
4505	Village Flowers	3,000	3,308	0	0	3,000	0	3,000	0	0	0	0
	Overhead Expenditure	3,750	3,688	0	0	3,750	0	3,750	0	0	0	0
	Movement to/(from) Gen Reserve	(3,750)	(3,688)			(3,750)		(3,750)	0	0		
290	**General Grounds Maintenance**											
4530	Equipment - Purchases	2,000	1,724	0	0	2,500	0	2,500	607	0	0	0
4535	Equipment - Maintenance	5,000	5,977	0	0	8,000	0	8,000	800	0	0	0
4540	Materials	4,000	3,816	0	0	4,000	0	4,000	2,079	0	0	0
	Overhead Expenditure	11,000	11,518	0	0	14,500	0	14,500	3,487	0	0	0
	Movement to/(from) Gen Reserve	(11,000)	(11,518)			(14,500)		(14,500)	(3,487)	0		
300	**Lapstone Playing Fields**											
4575	Cricket (Winter)	800	939	0	0	1,000	0	1,000	-307	0	0	0
4580	Football	800	514	0	0	500	0	500	0	0	0	0
4585	Tennis	300	686	0	0	700	0	700	320	0	0	0
4590	Pitch Maintenance	4,500	5,055	0	0	2,500	0	2,500	76	0	0	0
4595	General Maintenance	1,300	465	0	0	1,000	0	1,000	89	0	0	0
4600	Dog Bin Emptying	600	116	0	0	300	0	300	0	0	0	0
4670	Signs & Bins	50	37	0	0	50	0	50	0	0	0	0
4680	General Bin Emptying	500	0	0	0	300	0	300	0	0	0	0
	Overhead Expenditure	8,850	7,811	0	0	6,350	0	6,350	178	0	0	0
	Movement to/(from) Gen Reserve	(8,850)	(7,811)			(6,350)		(6,350)	(178)	0		

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		Last year		Current Year						Next Year		
		Budget	Actual	Brought Forward	Net Virement	Agreed	EMR	Total	Actual YTD	Agreed	EMR	Carried Forward
310	**Knowle Park**											
4595	General Maintenance	7,000	5,778	0	0	17,000	0	17,000	2,357	0	0	0
4630	Fencing	500	0	0	0	500	0	500	0	0	0	0
4635	Security	1,310	1,310	0	0	3,000	0	3,000	0	0	0	0
4640	Water Supply -White Tree Close	100	0	0	0	100	0	100	0	0	0	0
4645	Seating/Bins	2,000	530	0	0	500	0	500	0	0	0	0
4670	Signs & Bins	100	79	0	0	100	0	100	0	0	0	0
	Overhead Expenditure	11,010	7,697	0	0	21,200	0	21,200	2,357	0	0	0
	Movement to/(from) Gen Reserve	(11,010)	(7,697)			(21,200)		(21,200)	(2,357)	0		
320	**New Century Park**											
4420	CCTV Maintenance	70	0	0	0	70	0	70	0	0	0	0
4425	Health & Safety	0	160	0	0	0	0	0	0	0	0	0
4595	General Maintenance	500	405	0	0	5,450	0	5,450	0	0	0	0
4680	General Bin Emptying	200	0	0	0	200	0	200	0	0	0	0
	Overhead Expenditure	770	565	0	0	5,720	0	5,720	0	0	0	0
	Movement to/(from) Gen Reserve	(770)	(565)			(5,720)		(5,720)	0	0		
330	**Knowle Hill**											
4595	General Maintenance	100	0	0	0	100	0	100	0	0	0	0
	Overhead Expenditure	100	0	0	0	100	0	100	0	0	0	0
	Movement to/(from) Gen Reserve	(100)	0			(100)		(100)	0	0		

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		Last year		Current Year						Next Year		
		Budget	Actual	Brought Forward	Net Virement	Agreed	EMR	Total	Actual YTD	Agreed	EMR	Carried Forward
360	**Oak Walk**											
4595	General Maintenance	100	0	0	0	100	0	100	0	0	0	0
	Overhead Expenditure	100	0	0	0	100	0	100	0	0	0	0
	Movement to/(from) Gen Reserve	(100)	0			(100)		(100)	0	0		
370	**Daisy Dip**											
4595	General Maintenance	100	0	0	0	100	0	100	0	0	0	0
	Overhead Expenditure	100	0	0	0	100	0	100	0	0	0	0
	Movement to/(from) Gen Reserve	(100)	0			(100)		(100)	0	0		
380	**Wyvern Meadow**											
4595	General Maintenance	100	0	0	0	100	0	100	0	0	0	0
	Overhead Expenditure	100	0	0	0	100	0	100	0	0	0	0
	Movement to/(from) Gen Reserve	(100)	0			(100)		(100)	0	0		
400	**Play Areas General**											
4595	General Maintenance	600	108	0	0	0	0	0	0	0	0	0
4750	ROSPA Fees	600	888	0	0	900	0	900	0	0	0	0
	Overhead Expenditure	1,200	996	0	0	900	0	900	0	0	0	0
	Movement to/(from) Gen Reserve	(1,200)	(996)			(900)		(900)	0	0		
410	**New Century Park Play Area**											
4595	General Maintenance	200	0	0	0	500	0	500	0	0	0	0

Continued on next page

		Last year		Current Year						Next Year		
		Budget	Actual	Brought Forward	Net Virement	Agreed	EMR	Total	Actual YTD	Agreed	EMR	Carried Forward
4993	New Century Park Playarea	500	382	0	0	500	0	500	0	0	0	0
	Overhead Expenditure	700	382	0	0	1,000	0	1,000	0	0	0	0
	Movement to/(from) Gen Reserve	(700)	(382)			(1,000)		(1,000)	0	0		
420	**Dean Road Play Area**											
4595	General Maintenance	100	0	0	0	100	0	100	0	0	0	0
	Overhead Expenditure	100	0	0	0	100	0	100	0	0	0	0
	Movement to/(from) Gen Reserve	(100)	0			(100)		(100)	0	0		
430	**Meadowsweet Way Play Area**											
4595	General Maintenance	500	60	0	0	250	0	250	0	0	0	0
	Overhead Expenditure	500	60	0	0	250	0	250	0	0	0	0
	Movement to/(from) Gen Reserve	(500)	(60)			(250)		(250)	0	0		
440	**Knowle Park Play Area**											
4595	General Maintenance	1,500	419	0	0	1,000	0	1,000	0	0	0	0
4670	Signs & Bins	100	0	0	0	100	0	100	0	0	0	0
4675	Signs	50	0	0	0	50	0	50	0	0	0	0
4770	Skatepark	500	0	0	0	500	0	500	0	0	0	0
	Overhead Expenditure	2,150	419	0	0	1,650	0	1,650	0	0	0	0
	Movement to/(from) Gen Reserve	(2,150)	(419)			(1,650)		(1,650)	0	0		
450	**Pembers Hill Church Yard**											

Continued on next page

		Last year		Current Year						Next Year		
		Budget	Actual	Brought Forward	Net Virement	Agreed	EMR	Total	Actual YTD	Agreed	EMR	Carried Forward
4595	General Maintenance	100	0	0	0	100	0	100	0	0	0	0
	Overhead Expenditure	100	0	0	0	100	0	100	0	0	0	0
	Movement to/(from) Gen Reserve	(100)	0			(100)		(100)	0	0		
460	**Pembers Hill Drive**											
4595	General Maintenance	2,900	2,455	0	0	500	0	500	0	0	0	0
	Overhead Expenditure	2,900	2,455	0	0	500	0	500	0	0	0	0
	Movement to/(from) Gen Reserve	(2,900)	(2,455)			(500)		(500)	0	0		
465	**Pembers Hill Farm**											
4595	General Maintenance	0	0	0	0	500	0	500	0	0	0	0
	Overhead Expenditure	0	0	0	0	500	0	500	0	0	0	0
	Movement to/(from) Gen Reserve	0	0			(500)		(500)	0	0		
470	**Upper Barne Copse**											
4595	General Maintenance	500	0	0	0	250	0	250	0	0	0	0
	Overhead Expenditure	500	0	0	0	250	0	250	0	0	0	0
6000	plus Transfer from EMR	0	494	0	0	0	0	0	0	0	0	0
	Movement to/(from) Gen Reserve	(500)	494			(250)		(250)	0	0		
480	**Crowdhill Drive**											
4595	General Maintenance	500	0	0	0	500	0	500	0	0	0	0
	Overhead Expenditure	500	0	0	0	500	0	500	0	0	0	0

Continued on next page

		Last year		Current Year						Next Year		
		Budget	Actual	Brought Forward	Net Virement	Agreed	EMR	Total	Actual YTD	Agreed	EMR	Carried Forward
	Movement to/(from) Gen Reserve	(500)	0			(500)		(500)	0	0		
490	**Fair Oak Library**											
4425	Health & Safety	500	320	0	0	500	0	500	0	0	0	0
4435	Cleaning	0	105	0	0	0	0	0	0	0	0	0
4595	General Maintenance	2,000	338	0	0	7,813	0	7,813	0	0	0	0
	Overhead Expenditure	2,500	763	0	0	8,313	0	8,313	0	0	0	0
	Movement to/(from) Gen Reserve	(2,500)	(763)			(8,313)		(8,313)	0	0		
500	**Allotments**											
1500	Allotment Income	4,000	3,548	0	0	4,000	0	4,000	0	0	0	0
	Total Income	4,000	3,548	0	0	4,000	0	4,000	0	0	0	0
4410	Water	295	24	0	0	300	0	300	0	0	0	0
4800	Allotments - Knowle Park	500	189	0	0	100	0	100	0	0	0	0
4805	Allotments - Campbell Way	50	0	0	0	50	0	50	0	0	0	0
4810	Allotments - Knowle Lane Ditch	500	0	0	0	100	0	100	0	0	0	0
4815	Allotmemts - Pest Control	400	475	0	0	400	0	400	0	0	0	0
4820	Allotments - Toilet	1,100	1,151	0	0	1,100	0	1,100	296	0	0	0
	Overhead Expenditure	2,845	1,839	0	0	2,050	0	2,050	296	0	0	0
	Movement to/(from) Gen Reserve	1,155	1,709			1,950		1,950	(296)	0		
510	**Cemetery**											
1520	Burials Income	7,500	7,540	0	0	9,000	0	9,000	3,840	0	0	0

Continued on next page

		Last year		Current Year						Next Year		
		Budget	Actual	Brought Forward	Net Virement	Agreed	EMR	Total	Actual YTD	Agreed	EMR	Carried Forward
1530	Memorials Income	3,500	2,315	0	0	5,000	0	5,000	606	0	0	0
1540	Cremation Income	3,000	941	0	0	4,000	0	4,000	0	0	0	0
	Total Income	14,000	10,796	0	0	18,000	0	18,000	4,446	0	0	0
4410	Water	115	0	0	0	115	0	115	32	0	0	0
4595	General Maintenance	500	117	0	0	500	0	500	57	0	0	0
	Overhead Expenditure	615	117	0	0	615	0	615	88	0	0	0
	Movement to/(from) Gen Reserve	13,385	10,679			17,385		17,385	4,358	0		
520	**Community Cafe**											
4595	General Maintenance	500	288	0	0	8,500	0	8,500	368	0	0	0
	Overhead Expenditure	500	288	0	0	8,500	0	8,500	368	0	0	0
	Movement to/(from) Gen Reserve	(500)	(288)			(8,500)		(8,500)	(368)	0		
530	**Splashpad**											
4405	Electricity	2,000	801	0	0	1,500	0	1,500	0	0	0	0
4410	Water	1,500	4,922	0	0	6,000	0	6,000	-7,553	0	0	0
4595	General Maintenance	500	239	0	0	3,500	0	3,500	160	0	0	0
4596	Winterization	1,065	1,065	0	0	1,065	0	1,065	0	0	0	0
4597	Summerization	2,060	2,360	0	0	2,360	0	2,360	2,360	0	0	0
4598	Splashpad Toilets	500	925	0	0	1,500	0	1,500	0	0	0	0
	Overhead Expenditure	7,625	10,312	0	0	15,925	0	15,925	-5,033	0	0	0
	Movement to/(from) Gen Reserve	(7,625)	(10,312)			(15,925)		(15,925)	5,033	0		

Continued on next page

		Last year		Current Year						Next Year		
		Budget	Actual	Brought Forward	Net Virement	Agreed	EMR	Total	Actual YTD	Agreed	EMR	Carried Forward
540	**Environmental Enhancements**											
4595	General Maintenance	1,000	0	0	0	0	0	0	0	0	0	0
	Overhead Expenditure	1,000	0	0	0	0	0	0	0	0	0	0
	Movement to/(from) Gen Reserve	(1,000)	0			0		0	0	0		
550	**Trees**											
4821	Tree Maintenance	0	0	0	0	500	0	500	2,130	0	0	0
4825	Tree survey	2,000	1,650	0	0	2,000	0	2,000	1,650	0	0	0
4830	Trees - Lapstone Playing Field	500	2,140	0	0	500	0	500	0	0	0	0
4831	Trees - Knowle Park	500	540	0	0	1,000	0	1,000	0	0	0	0
4832	Trees - New Century Park	500	0	0	0	500	0	500	0	0	0	0
4833	Trees - Knowle Hill	500	720	0	0	500	0	500	870	0	0	0
4834	Trees - Lapstone Farm	500	0	0	0	500	0	500	0	0	0	0
4835	Trees - Oak Walk	500	520	0	0	500	0	500	1,090	0	0	0
4836	Trees - Daisy Dip	500	420	0	0	500	0	500	0	0	0	0
4837	Trees - Wyvem Meadow	500	0	0	0	500	0	500	0	0	0	0
4838	Trees - Fair Oak Cemetery	500	0	0	0	500	0	500	1,920	0	0	0
4839	Trees-HHCC open space	500	2,745	0	0	500	0	500	0	0	0	0
4840	Trees - Crowdhill	500	0	0	0	1,000	0	1,000	0	0	0	0
4841	Trees - Community Orchard	1,000	0	0	0	1,000	0	1,000	0	0	0	0
4842	Trees - Pembers Farm Trees	0	0	0	0	500	0	500	0	0	0	0
	Overhead Expenditure	8,500	8,735	0	0	10,500	0	10,500	7,660	0	0	0
	Movement to/(from) Gen Reserve	(8,500)	(8,735)			(10,500)		(10,500)	(7,660)	0		

Continued on next page

		Last year		Current Year						Next Year		
		Budget	Actual	Brought Forward	Net Virement	Agreed	EMR	Total	Actual YTD	Agreed	EMR	Carried Forward
600	**Other Expenses**											
4850	Section 137 - Grants	4,500	3,950	0	0	4,500	0	4,500	0	0	0	0
4855	Section 137 - Street Pastors	700	700	0	0	700	0	700	0	0	0	0
4865	Election Expenses	500	0	0	0	500	0	500	0	0	0	0
4870	Youth Project	25,000	16,000	0	0	16,000	0	16,000	0	0	0	0
4874	Solar Batteries	0	0	0	0	2,500	0	2,500	0	0	0	0
4875	Community Events Expenditure	4,500	3,715	0	0	4,500	0	4,500	633	0	0	0
4877	Play Asset Strategy	0	0	0	0	24,500	0	24,500	0	0	0	0
4878	Devolution	0	0	0	0	32,000	0	32,000	770	0	0	0
	Overhead Expenditure	35,200	24,365	0	0	85,200	0	85,200	1,403	0	0	0
	Movement to/(from) Gen Reserve	(35,200)	(24,365)			(85,200)		(85,200)	(1,403)	0		
900	**Reserves Spend**											
4882	Community cafe	0	2,683	0	0	0	0	0	0	0	0	0
4888	Lapstone Farm	0	39,430	0	0	0	0	0	0	0	0	0
4994	New Office&Compund General	0	2,885	0	0	0	0	0	0	0	0	0
5005	Playarea improvements	0	255	0	0	0	0	0	0	0	0	0
5006	Community Development	0	5,800	0	0	0	0	0	5,676	0	0	0
5007	Public Art	0	5,300	0	0	0	0	0	0	0	0	0
5012	Crowdhill Green	0	300	0	0	0	0	0	0	0	0	0
5019	New Playarea Provision	0	5,326	0	0	0	0	0	0	0	0	0
5020	Solar	0	12,817	0	0	0	0	0	0	0	0	0
5022	Pembers - Play provision	0	400	0	0	0	0	0	0	0	0	0
5025	Play Strategy	0	0	0	0	0	0	0	7,791	0	0	0

Continued on next page

		Last year		Current Year						Next Year		
		Budget	Actual	Brought Forward	Net Virement	Agreed	EMR	Total	Actual YTD	Agreed	EMR	Carried Forward
	Overhead Expenditure	0	75,195	0	0	0	0	0	13,468	0	0	0
6000	plus Transfer from EMR	0	68,520	0	0	0	0	0	13,468	0	0	0
	Movement to/(from) Gen Reserve	0	(6,675)			0		0	0	0		
	Total Budget Income	645,438	787,848	0	0	787,016	0	787,016	359,162	0	0	0
	Expenditure	645,438	762,172	0	0	787,016	0	787,016	163,410	0	0	0
	Net Income over Expenditure	0	25,676	0	0	0	0	0	195,752	0	0	0
	plus Transfer from EMR	0	97,484	0	0	0	0	0	15,823	0	0	0
	less Transfer to EMR	0	120,780	0	0	0	0	0	0	0	0	0
	Movement to/(from) Gen Reserve	0	2,380			0		0	211,575	0		

Appendix 2

Fair Oak & Horton Heath Parish Council

Earmarked Reserves

	Account	Opening Balance	Net Transfers	Closing Balance
316	EMR - Community Develpment Pos	81,464.86	-5,622.32	75,842.54
317	EMR- Community Development Pro	58,261.66	-2,248.49	56,013.17
325	EMR - Knowle Park	15,225.05		15,225.05
340	EMR - Knowle Park Office &comp	1,020.55		1,020.55
345	EMR - Lapstone Farm	20,842.88		20,842.88
350	EMR - Horton Heath CC	2,708.30		2,708.30
375	EMR -New Century Park	5,500.00		5,500.00
386	EMR - Splashpad Playarea	13,000.00		13,000.00
387	EMR - Skate Ramp	14,000.00		14,000.00
388	EMR - Play Strategy	15,500.00	-7,791.46	7,708.54
390	EMR - HHCC Flooring	40,250.00		40,250.00
391	EMR - New playarea Provision	43,204.68		43,204.68
392	EMR - Meadowsweet play area	5,500.00		5,500.00
393	EMR - Pembers Playarea	5,100.00		5,100.00
394	EMR -Public Art	6,121.60		6,121.60
395	EMR - Onsite Maint Knowle Park	4,850.91		4,850.91
396	EMR- Woodland Play Area	26,600.00		26,600.00
398	EMR - Greening Campaign	35.00		35.00
399	EMR- Brookfield Carpark	18,000.00		18,000.00
		377,185.49	**-15,662.27**	**361,523.22**

FAIR OAK & HORTON HEATH PARISH COUNCIL
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FINANCE RISK ASSESSMENT

Date Adopted	23 June 25
Review Date	July 2026

FAIR OAK AND HORTON HEATH PARISH COUNCIL FINANCIAL MANAGEMENT RISK ASSESSMENT

This document has been produced to enable the Parish Council to assess the risks that it faces and satisfy itself that it has taken adequatesteps to minimise them. In conducting this exercise, the following method was followed: -

1. Identify the areas to be reviewed;
2. Identify what the risk may be;
3. Ascertain the risk level;
4. Evaluate the management and control of the risk; and
5. Review, assess and revise the control measures if required.

Risk area	Risk identified	Level of risk (H/M/L)	Management of risk	Action required	Review date
Section one: Areas where there may be scope to use insurance to help manage risk					
Property and contents owned by the council	Loss or damage	H	An up-to-date register of assets and investments	Review Annually at April Full council and Quarterly by IA. list correct as of 31/03/2025	Annually at year End by The Council, Quarterly by IA.
Damage to third party property or individuals	Public liability	H		Insurance held with Gallagher, renewal date of 23.09.25, reviewed by council at September Full Council and by IA	Reviewed by council at September Full Council and by IA
Consequential loss of income or the need to provide essential services following critical damage, loss or non-performance by a third party	Public liability	H	Annual review of risk and the adequacy of cover	Value of insurance £1m, held with Gallagher	Reviewed annually by council At September Full Council and by IA
Loss of cash through theft or dishonesty	Fidelity guarantee	L	Secure cash storage with regular banking. Correct level of insurance & implementation of robust Internal Controls	Level £800,000, insured with Gallagher, internal controls checked by Finance Committee and IA	Internal controls checked by Finance Committee Annually (July) and at each IA visit.
Legal liability as a consequence of asset ownership	Public liability	H	Property maintenance and insurance cover	Value of insurance £1m, held with Gallagher	Reviewed annually by council at September Full Council and by IA
Section two: Working with others to help manage risk					
The provision of services being carried out under agency/partnership agreements with principal authorities	Reduced oversight may lead to service failures, unclear accountability, reputational harm, and legal non-compliance	L/M?	Review compliance key contract terms, renewal/termination dates. depending on risk: medium risk: quarterly or biannually, low risk: annually.	Contracts reviewed as per determined risk level	Reviewed annually or as required

Risk area	Risk identified	Level of risk (H/M/L)	Management of risk	Action required	Review date
Banking arrangements, including borrowing or lending	Fraud or corruption	L	Maintain up-to-date Financial Regulations; IA audits	Review Financial regs annually; IA to audit banking arrangements	July annually
Ad hoc provision of amenities/facilities for events to local community groups	Public Liability	L	Require insurance certificates from hirers	Ask relevant hirers for copies of insurance certificates.	Review new hirers at time of hire & annually for regular hirers
Vehicle or equipment lease or hire	Poor service or liability	L	Hire only from reputable companies	Hire from reputable companies, monitor by council	As required
Professional services (website design, consultancy)	Non-compliance with procurement legislation	L	Follow financial regulations	Conduct credit checks, monitor budget & contract compliance	As contracts arise
Section three: Self-managed risk					
Employment law and Inland Revenue regulations	Non-compliance with legal requirements	L	Internal Auditor Review	IA to review employment and payroll compliance	Annually
VAT	Non-compliance with HMRC regulations	L	Internal Auditor Review	IA review VAT returns & procedures	Annually
Annual precept	Inadequate Budgeting	L	Approved at Budget and Task and Finish and Full Council. IA review	Submit timeously to local authority for processing. Publish on website after approval	Annually (budget cycle)
Grants	Ensuring proper use of funds granted to local community bodies under specific powers, s137 or GPC	L	Use standard grant form with supporting documents; decisions minuted, reviewed by IA; recipients to spend within one year and submit impact report	Publish grant form on website; review and approve all requests at December Finance Committee meeting.	Annually in July.
Council minutes	Inaccurate or delayed reporting of council business in	L	Proper, timely and accurate reporting of council business in the minutes	Upload agenda packs and minutes to website as per Transparency	After each meeting cycle

Risk area	Risk identified	Level of risk (H/M/L)	Management of risk	Action required	Review date
	meeting minutes			Code. IA review bi-annually	
Rights of inspection	Failure to meet statutory requirements for public inspection of accounts	L	Ensure website is updated annually in May following submission of accounts to external auditors (BDO)	Clerk to upload required documents and notices in line with statutory deadlines	Annually in May
Document Control	Lack of proper systems for managing and publishing council policies	Low	Ensure all policies are approved by Council and published on the website		Annually or as updated
Register of Members' Interests and Gifts and Hospitality	Incomplete or outdated register entries	Low	Maintain accurate and up-to-date register; reviewed annually by Internal Auditor (IA)	IA to review register annually; members to update declarations as required	Annually
Compliance with Transparency Code	Reduced public trust, risk of regulatory non-compliance.	L	Appoint responsible Officer to monitor compliance	Monitor legislative changes, keep website current	Annually or at change of legislation.
Data Protection	Breach of personal data due to human error, poor security, or lack of staff training	M	Implement a Data Protection Policy, conduct regular audits, and provide staff training	Appoint Data Protection Officer to ensure DP & GDPR compliance oversee Schedule annual audits, update policy, and deliver refresher training sessions	Annually or at change of legislation.

STATEMENT OF INTERNAL CONTROLS

FAIR OAK AND HORTON HEATH PARISH COUNCIL

1. INTRODUCTION AND GENERAL INFORMATION

This Statement of Internal Controls sets out the comprehensive framework of internal controls maintained by Fair Oak and Horton Heath Parish Council to ensure the proper conduct of its business, safeguarding of public money, and compliance with applicable laws and regulations.

General Information:

- The Responsible Financial Officer (RFO) role is carried out by one individual who is part-time
- Abbreviations used: RFO – Responsible Financial Officer, NALC – National Association of Local Councils, SLCC – Society of Local Council Clerks; RBS – Rialtas Accounting Software

2. STANDING ORDERS AND FINANCIAL REGULATIONS

The Council maintains comprehensive Standing Orders and Financial Regulations that:

- Are based on the model version prepared by NALC/SLCC
- Govern the operational procedures of the Council
- Incorporate provisions for securing competition in procurement through specified requirements for estimates, quotes, or full tenders depending on value and nature of work
- Regulate the way tenders are invited and evaluated
- Are reviewed annually for continued relevance and amended where necessary by the Clerk and RFO
- Require Council or Finance Committee approval for any proposed amendments
- Are adhered to by all Council members and officers

3. CASH BOOK AND BANK RECONCILIATION CONTROLS

Cash Book Management

- The cash book is maintained electronically using RBS Accounting Software
- Updated from original documents (invoices, payments, cheques) and online bank transactions
- Reconciled to bank statements at least monthly
- Summary of reconciled accounts presented at each Full Council Meeting

Banking Arrangements

The Council maintains:

- One current account with HSBC Bank
- A Premier Account with HSBC
- A Public Sector Account with CCLA

Review and Verification

- Cash book, payments, receipts, and bank reconciliations are reviewed and approved annually (or more frequently) by Finance Committee members
- Bank reconciliation reported quarterly and minuted
- At least quarterly, and at each financial year end, a member other than the Chair or bank mandate signatory verifies bank reconciliations, signing and dating reconciliations and original bank statements
- Latest financial position reported as part of Finance Report at each Full Council meeting

4. PAYMENT CONTROLS AND AUTHORISATION

Invoice Processing

- RFO signs purchase invoices to confirm receipt of supply, verify no previous payment, and check calculation accuracy
- Purchase orders/emails/letters are matched to purchase invoices where applicable
- Payments entered into RBS accounting software with unique sequential transaction numbers
- Original invoices available to Councillors at meetings

Authorisation Process

- Every payment requires authorisation by two Councillors
- Payments outside budget and Finance Committee authority referred to next Council/Finance Committee meeting
- Signed payment list recorded with minutes

Dual Authorisation Compliance

In line with the SAPPP Practitioners Guide 2025, the Council recognises the importance of implementing a two-step authorisation process for electronic payments and will proactively explore banking providers that support this functionality to ensure compliance with JPAG recommendations and strengthen financial governance.

Payment Methods

- **Cheques:** Signed by two authorised Councillors according to bank mandate, with RFO maintaining control of cheque book

- **Online Banking:** Payments set up by RFO and authorised by two Councillors with appropriate bank mandate authority
- **Debit Card:** RFO holds HSBC debit card with £2000 limit for necessary payments
- All payments cross-referenced with bank statements using unique identifiers

5. INCOME CONTROLS

The Council ensures:

- Precept amount received is correct according to request sent to Eastleigh Borough Council (EBC)
- Precept instalments received when due
- Other receipts (deposit interest, rents, etc.) received when due and correctly calculated
- Receipts issued for cash received with numbers recorded against payments
- Income banked promptly

6. VAT CONTROLS

- All invoices addressed to the Council with correct site address
- Proper VAT invoices received where VAT is payable
- VAT calculated and processed for quarterly reclaim
- VAT submissions made electronically

7. FINANCIAL REPORTING AND BUDGET CONTROL

Budget Management

- Budget prepared in consultation with Councillors, evidenced by reports and minutes
- Precept set based on budget by EBC deadline
- Budget control comparing actual receipts and payments to budget and previous year prepared quarterly
- Quarterly reports presented to Full Council in advance of meetings and minuted

8. PAYROLL CONTROLS

Payroll Administration

- All staff salaries, pensions, and PAYE managed by RFO using SAGE payroll software
- PAYE submissions to HMRC made automatically through payroll software
- Pensions submissions calculated and paid to Hampshire Pensions
- Salaries paid online by BACS
- All salary, pension, PAYE, and NI payments signed off at Council Meetings as part of payment list

Compliance

- RFO ensures all necessary payroll returns made to HMRC with retained evidence
- Remuneration for all employees approved in advance by the Council
- Compliance with employment legislation duties maintained
- Pension obligations met

9. ASSET MANAGEMENT

Asset Register and Control

- RFO maintains full Asset Register reviewed annually
- Annual checking of asset existence and condition by Parish Council members
- Assets properly secured, maintained, and efficiently managed
- Appropriate procedures followed for asset disposal with proper handling of capital receipts

Insurance

- Adequacy of insurance coverage considered annually in advance of renewal

10. OFFICE AND RFO EXPENSES

- Personal expenses normally paid by BACS following approval process
- Invoices or receipts retained for accounting purposes

11. DATA PROTECTION AND BACKUP

System Security

- Council's Accounting System operates on Cloud-based RBS Service with automatic cloud backup
- Data loss prevention measures in place

Record Retention

- Hard copies of bank statements, bank reconciliations, Annual and Governance Reports kept in fireproof cabinets
- Records retained for prescribed periods per adopted Disposal and Retention of Information Policy

12. LEGAL COMPLIANCE AND POWERS

Acting Within Powers

- All Council actions undertaken within statutory powers
- Robust procedures prevent ultra vires decisions or payments
- Decision-making processes ensure understanding of applicable legal powers

- Exercise of powers carried out reasonably and proportionately

Regulatory Compliance

- Procedures ensure regular review of compliance with statutory regulations
- New requirements or changes reported to members and applied
- Particular regard given to Accounts and Audit Regulations 2015 requirements

13. RISK MANAGEMENT

- Regular risk assessments focusing on safety of Council's assets, particularly money
- Appropriate training provided to those with direct responsibility for financial matters
- Controls embedded within Standing Orders and Financial Regulations

14. REVIEW OF EFFECTIVENESS

In accordance with Regulation 6 of the Accounts and Audit Regulations 2015, the Council conducts an annual review of the effectiveness of its system of internal control. This review:

- Is conducted during each financial year
- Informs preparation of the annual governance statement
- Identifies areas for improvement and necessary action

15. ANNUAL ASSURANCE

The Council can provide positive assurance that:

- An adequate system of internal control is maintained, including measures to prevent and detect fraud and corruption
- The effectiveness of internal controls is regularly reviewed
- All reasonable steps are taken to ensure compliance with laws, regulations, and proper practices
- No matters of actual or potential non-compliance exist that could significantly affect the Council's ability to conduct its business or impact its finances

16. RESPONSIBILITY AND ACCOUNTABILITY

This Statement of Internal Controls is approved by the Council and is subject to annual review. The implementation and maintenance of these controls is the responsibility of all Council members and officers, with particular oversight by the Responsible Financial Officer.

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CHAPTER 3 FINANCIAL REGULATIONS

ADOPTED BY FINANCE COMMITTEE

23 JUNE 2025 – REVIEW JULY 2026

FAIR OAK AND HORTON HEATH PARISH COUNCIL FINANCIAL REGULATIONS

Contents

FINANCIAL REGULATIONS DOCUMENT Error! Bookmark not defined.

1. GENERAL 2

2. RISK MANAGEMENT AND INTERNAL CONTROL 3

3. ACCOUNTS AND AUDIT 4

4. BUDGET AND PRECEPT 5

5. PROCUREMENT 5

6. BANKING AND PAYMENTS 8

7. ELECTRONIC PAYMENTS 8

8. CHEQUE PAYMENTS 9

9. PAYMENT CARDS 9

10. PAYMENT OF SALARIES AND ALLOWANCES 10

11. LOANS AND INVESTMENTS 10

12. INCOME 11

13. PAYMENTS UNDER CONTRACTS FOR BUILDING OR CONSTRUCTION WORKS 11

14. STORES AND EQUIPMENT 11

15. ASSETS, PROPERTIES AND ESTATES 11

16. INSURANCE 12

17. SUSPENSION AND REVISION OF FINANCIAL REGULATIONS 12

Appendix 1 - Tender process 13

1. GENERAL

1.1. These Financial Regulations govern the financial management of the Council and may only be amended or varied by resolution of the Council. They are to be observed in conjunction with the Council's Standing Orders and any individual financial regulations relating to contracts.

1.2. Councillors must follow these regulations and not entice employees to breach them. Failure to do so brings the office of councillor into disrepute.

1.3. Wilful breach of these regulations by an employee may result in disciplinary proceedings.

1.4. Definitions:

- 'Accounts and Audit Regulations' refers to regulations under Sections 32, 43(2) and 46 of the Local Audit and Accountability Act 2014, or any superseding legislation.
- "Approve" means an online action allowing an electronic transaction to take place.
- "Authorise" means a decision by the council, committee, or officer to allow something to happen.
- 'Proper practices' means those set out in The Practitioners' Guide issued by the Joint Panel on Accountability and Governance (JPAG).
- 'Must' and bold text indicate statutory obligations; 'Shall' refers to non-statutory instructions.

1.5. The Responsible Financial Officer (RFO) is a statutory office appointed by the Council and:

- Acts under Council policy direction
- Administers financial affairs in accordance with all relevant Acts, Regulations, and proper practices;
- Determines accounting records and control systems;
- Ensures their observation and accuracy,
- Seeks economy and efficiency, and produces required financial management information.

1.6. The Council must not delegate decisions regarding:

- **Setting the final budget or precept (council tax requirement)**
- **Reviewing the effectiveness of internal controls**
- **Approving accounting statements and annual governance statements**
- **Borrowing**
- **Declaring eligibility for the General Power of Competence**
- **Addressing recommendations from internal or external auditors**

1.7. Additionally, the Council shall:

- Regularly review the bank mandate for all council bank accounts
- Authorise any grant or single commitment in excess of £5,000
- Approve any decision regarding writing off bad debts

2. RISK MANAGEMENT AND INTERNAL CONTROL

2.1. The Council must ensure a sound system of internal control for effective financial, operational, and risk management.

2.2. The Executive Officer and RFO shall prepare a risk management assessment covering all council activities for approval by the Finance Committee, reviewed at least annually.

2.3. For new activities, a draft risk assessment and risk management proposals must be prepared for Council consideration.

2.4. The Council must annually review the effectiveness of its internal control system before approving the Annual Governance Statement.

2.5. The RFO's accounting control systems must include measures to:

- **Manage risk;**
- **Ensure prompt and accurate recording of transactions;**
- **Prevent and detect inaccuracy or fraud;**
- **Allow reconstitution of lost records;**
- **Identify officer duties, and;**
- **Ensure division of responsibilities.**

2.6. At least quarterly and at each financial year end, a member (not the Chair or a bank signatory) shall verify bank reconciliations for all accounts, sign and date reconciliations and original bank statements, and report to the Council.

3. ACCOUNTS AND AUDIT

3.1. All accounting procedures and financial records are determined by the RFO in accordance with the Accounts and Audit Regulations and proper practices.

3.2. Records must explain the Council's transactions and financial position at any time, including:

- **Day-to-day entries of all sums received and expended and their purposes**
- **Records of assets and liabilities**
- Records of income and expenditure in relation to claims for contributions, grants, or subsidies

3.3. The RFO shall complete and certify the annual Accounting Statements in the Annual Governance and Accountability Return (AGAR) as soon as practicable after the financial year end and submit them to the Council within statutory timescales.

3.4. The Council must ensure an adequate and effective system of internal audit.

3.5. Officers and members must make available documents and records as required by auditors and supply information and explanations as necessary.

3.6. The internal auditor must be competent and independent, report in writing at least annually, and have no involvement in council management or control.

3.7. Internal or external auditors must not perform operational duties, approve transactions, provide advice on future transactions, or direct council employees, except as assigned for audit assistance.

3.8. The RFO shall arrange for the exercise of electors' rights regarding the accounts, including inspection opportunities and required notices.

3.9. Any auditor correspondence or reports must be promptly brought to the attention of all councillors.

4. BUDGET AND PRECEPT

4.1. Before setting a precept, the Council must calculate its council tax requirement by preparing and approving a budget in accordance with the Local Government Finance Act 1992 or succeeding legislation.

4.2. The Finance Committee reviews yearly forecasts and submits proposals for the following year to the Council by November, including any revisions.

4.3. The RFO must prepare detailed estimates of all receipts and payments, including reserves and funding sources, by November for Finance Committee consideration.

4.4. Unspent budgets for completed projects are not carried forward; partially completed project funds may only be carried forward with full Council approval via earmarked reserves.

4.5. Salaries and wages budgets, including employer contributions, must be reviewed annually in October and signed by the Executive Officer and Chair.

4.6. The draft budget and recommendations for reserves are considered by the Finance Committee and recommended to the Council, which then sets the council tax requirement and precept.

4.7. Members with unpaid council tax for over two months are prohibited from voting on the budget or precept and must disclose this at the meeting's start.

4.8. The RFO **issues the precept to the billing authority by January** and supplies each member with the agreed annual budget.

4.9. The agreed budget is the basis for monitoring progress, comparing actual spending and income to the plan.

4.10. Changes in earmarked reserves must be approved by the Council as part of budgetary control.

5. PROCUREMENT

5.1. **Members and officers are responsible for obtaining value for money at all times.** Any officer procuring goods, services or works should ensure, as far as practicable, that the best available terms are obtained, usually by obtaining prices from several suppliers.

5.2. The RFO should verify the lawful nature of any proposed purchase before it is made and in the case of new or infrequent purchases, should ensure that the legal power being

used is reported to the meeting at which the order is authorised and also recorded in the minutes.

5.3. Every contract shall comply with these the council's Standing Orders and these Financial Regulations and no exceptions shall be made, except in an emergency.

5.4. For a contract for the supply of goods, services or works where the estimated value will exceed the thresholds set by Parliament, the full requirements of The Public Contracts Regulations 2015 or any superseding legislation ("the Legislation"), must be followed in respect of the tendering, award and notification of that contract.

5.5. Where the estimated value is below the Government threshold, the council shall (with the exception of items listed in paragraph 6.12) obtain prices as follows:

5.6. For contracts estimated to exceed [£60,000] including VAT, the Clerk shall seek formal tenders from at least three suppliers agreed by the council OR advertise an open invitation for tenders in compliance with any relevant provisions of the Legislation. Tenders shall be invited in accordance with Appendix 1.

5.7. For contracts estimated to be over £30,000 including VAT, the council must comply **with any requirements of the Legislation[1] regarding the advertising of contract opportunities and the publication of notices about the award of contracts.**

5.8. For contracts greater than £10,000 excluding VAT the Clerk shall seek at least 3 fixed-price quotes;

5.9. where the value is between £1,000 and £10,000 excluding VAT, the Clerk shall request 3 estimates which might include evidence of online prices, or recent prices from regular suppliers.

5.10. For smaller purchases, the Clerk shall seek to achieve value for money.

5.11. Contracts must not be split into smaller lots to avoid compliance with these rules.

5.12. The requirement to obtain competitive prices in these regulations need not apply to contracts that relate to items (i) to (iv) below:

- specialist services, such as legal professionals acting in disputes;
- repairs to, or parts for, existing machinery or equipment;
- works, goods or services that constitute an extension of an existing contract;
- goods or services that are only available from one supplier or are sold at a fixed price.

5.13. When applications are made to waive this financial regulation to enable a price to be negotiated without competition, the reason should be set out in a recommendation to the council. Avoidance of competition is not a valid reason.

5.14. The council shall not be obliged to accept the lowest or any tender, quote or

estimate.

5.15. Individual purchases within an agreed budget for that type of expenditure may be authorised by:

- the Executive Officer, under delegated authority, for any items below £1,000 excluding VAT.
- the Executive Officer, in consultation with the Chair of the Council or a duly delegated committee Chairman for items of expenditure within its delegated budgets, for any items below £3,000 excluding VAT.
- a duly delegated committee of the council for all items of expenditure within its delegated budgets for items under £5,000 excluding VAT
- the Council for all items over £5,000.
- in respect of grants, a duly authorised committee within any limits set by council and in accordance with any policy statement agreed by the council.

Such authorisation must be supported by a minute (in the case of council or committee decisions) or other auditable evidence trail.

5.16. No individual member, or informal group of members may issue an official order unless instructed to do so in advance by a resolution of the council or make any contract on behalf of the council.

5.17. No expenditure may be authorised that will exceed the budget for that type of expenditure other than by resolution of the council or a duly delegated committee acting within its Terms of Reference except in an emergency.

5.18. In cases of emergency (fire, flood, risk of loss of services or interrupted use of facilities) the Clerk will refer to the Chairman of the council or the Chairman of FHRC for authority incur emergency expenditure of up to £5,000 excluding VAT on repair, replacement or other work that in their judgement is necessary, whether or not there is any budget for such expenditure. If either of the aforesaid Chairmen are unavailable the Clerk will seek authority for the expenditure from the Vice Chairman of the council or the vice chairman of the FHRC. The Clerk shall report such action to council as soon as practicable thereafter.

5.19. No expenditure shall be authorised, no contract entered into or tender accepted in relation to any major project, unless the council is satisfied that the necessary funds are available and that where a loan is required, Government borrowing approval has been obtained first.

5.20. Official orders/letters must be issued for all work, goods, and services unless a formal contract is prepared or inappropriate.

5.21. Copies of orders shall be retained, along with evidence of receipt of goods.

5.22. Any ordering system can be misused and access to them shall be controlled by the RFO.

6. BANKING AND PAYMENTS

6.1. The Council's banking arrangements are made by the RFO and authorised by the Council, reviewed regularly for security and efficiency. Banking arrangements shall not be delegated to a committee. The Council has resolved to bank with HSBC Bank. The arrangements shall be reviewed for security and efficiency.

6.2. Safe and efficient payment arrangements must involve more than one person (dual authorisation) for each payment.

6.3. All invoices must be checked for accuracy, coded, and verified before payment, before being certified by the RFO.

6.4. Personal payments (salaries, wages, expenses) may be summarised to avoid disclosing personal information.

6.5. Payments are made by online banking in accordance with a resolution of the Council or Committee or delegated officer decision, unless the Council resolves a different payment method.

6.6. The Executive Officer and RFO may draw up a schedule of regular payments (such as Salaries, PAYE, National Insurance, pension contributions, rent, rates, regular maintenance contracts and similar items), which the council/finance committee may authorise in advance for the year. This will be noted at the next Council meeting.

6.7. The Executive Officer and RFO have delegated authority to authorise payments up to £1,000 (excluding VAT) within budget, and up to £3,000 in cases of serious risk to services or safety.

6.8. The RFO presents a schedule of payments requiring authorisation as part of the meeting agenda; the Council or committee reviews and authorises by resolution.

6.9. During emergencies, all payments are approved at monthly virtual meetings, with details disclosed in or attached to the minutes.

7. ELECTRONIC PAYMENTS

7.1. The Council ensures safe and efficient electronic payment arrangements.

7.2. The RFO is the Service Administrator for internet banking, with at least two authorised councillors involved in online approvals. The RFO may be the authorised signatory, but no signatory may be involved in approving any payment to themselves.

7.3. All authorised signatories shall have access to view the council's bank accounts online.

7.4. No employee or councillor may disclose any PIN or password unless authorised in writing.

7.5. The RFO sets up all payments online, with a full list provided to the Councillors at next Council meeting and appended to the minutes.

7.6. Two councillors who are authorised signatories shall check the payment details against the invoice list before approving each payment.

7.7. In the RFO's prolonged absence, an authorised signatory may set up payments.

7.8. Regular payments (utilities, rates, pensions, HMRC) may be made by variable direct debit; to be reviewed by the Finance Committee every two years.

7.9. Payments by BACS/CHAPS or standing order require Council approval and review every two years.

7.10. Supplier account details may only be changed with written notification and hard copy authority signed by the RFO. Data held should be checked with suppliers every 2 years..

7.11. Computers used for Council financial business must have adequate, regularly updated security software.

7.10. Access to internet banking must be direct to the access page; remembered password facilities should not be used.

8. CHEQUE PAYMENTS

8.1. Cheques/orders for payment must be signed by two members, with signatories not having a family/business relationship with the beneficiary.

8.2. Signatories must initial the cheque counterfoil and invoice to indicate agreement.

8.3. Cheques/orders for payment are normally signed at or immediately before/after a Council meeting; signatures obtained away from meetings are reported at the next meeting.

9. PAYMENT CARDS

9.1. Debit cards are restricted to the Executive Officer, Deputy Executive Officer, Community Development Officer and RFO, with a single transaction limit of £1,000 unless otherwise authorised.

9.2. Pre-paid debit cards may be issued to employees with limits set by the Finance Committee; transactions are reported to Council, and top-ups are at Council discretion.

9.3. Corporate credit/trade cards are restricted to authorised officers, with balances paid in full monthly.

9.4. Fuel cards are restricted to operations staff, each with a monthly limit of £250, reviewed by the RFO.

10. PAYMENT OF SALARIES AND ALLOWANCES

10.1. The Council must comply with statutory PAYE and NI requirements.

10.2. Councillor's allowances (where paid) are also liable to deduction of tax PAYE rule and must be taxed correctly before payment.

10.3. Salary rates are agreed by the Council/Finance Committee; no changes to pay or terms without Council or Finance Committee consent.

10.4. Salaries are paid after statutory deductions, on contractually stipulated dates.

10.5. Deductions are paid to relevant bodies within required timescales and reported.

10.6. Payments to employees and creditors are recorded in payroll control accounts, with monthly totals reported in the cashbook and reviewed by Council.

10.7. Termination payments require a business case and Council authorisation.

10.8. Interim staff employment requires full business case consideration.

11. LOANS AND INVESTMENTS

11.1. Applications for Government borrowing approval and loan arrangements must be authorised by Full Council and recorded in the minutes. All borrowing should be in the name of the Council, after obtaining necessary approval.

11.2. Financial arrangements not requiring formal borrowing approval the Secretary of State (e.g., hire purchase, leasing, short-term loans) require full Council authorisation after a value-for-money report.

11.3. The Council must consider and review an Investment Strategy and Policy annually in accordance with Statutory Guidance on Local Government Investments.

11.4. All investment certificates and related documents are retained by the RFO.

11.5. Payments for investments, including bank transfers, must comply with these regulations.

12. INCOME

12.1. The RFO is responsible for collecting all sums due to the Council.

12.2. Fees and charges are reviewed annually as part of budget-setting; the RFO ensures correct collection.

12.3. Irrecoverable sums and bad debts are reported by the RFO and written off with Council approval. The Council's approval shall be shown in the accounting records.

12.4. All receipts are deposited intact with the Council's bankers, with the origin recorded.

12.5. Personal cheques must not be cashed from Council funds.

12.6. The RFO ensures correct VAT recording and timely VAT returns.

12.7. For significant cash receipts, at least two people must be present for counting, with reconciliation to control records and security measures in place.

13. PAYMENTS UNDER CONTRACTS FOR BUILDING OR CONSTRUCTION WORKS

13.1. For contracts with instalment payments, the RFO maintains records and ensures payments are made per contract, based on signed certificates from supervising consultants.

13.2. Any contract variation likely to exceed the contract sum by 5% or the available budget must be authorised and reported to Council.

14. STORES AND EQUIPMENT

14.1. Section heads are responsible for the care and custody of stores and equipment.

14.2. Delivery notes must be obtained and goods checked on delivery.

14.4. The Operations Manager (or Executive Officer) is responsible for annual stock checks.

15. ASSETS, PROPERTIES AND ESTATES

15.1. The Executive Officer arranges safe custody of all title deeds and Land Registry Certificates.

15.2. The RFO maintains an accurate Register of Assets and Investments, updated annually, recording all properties, locations, purchase details, and purposes.

15.3. Tangible assets are verified annually.

15.4. No interest in land or tangible property may be acquired, sold, leased, or disposed of without Council authority and required consents, with a written report on valuation, condition, and business case.

15.5. Tangible movable property under £1,000 may be acquired/disposed of without Council authority; otherwise, Council approval and a business case are required.

16. INSURANCE

16.1. The RFO keeps a record of all insurances, reviewing annually before renewal in conjunction with risk management review.

16.2. The Executive Officer/Operations Manager notifies the RFO of new risks, properties, or vehicles requiring insurance or changes affecting existing cover.

16.3. The RFO is notified of any loss, liability, or event likely to lead to a claim and reports to Council at the next meeting; claims are negotiated by the RFO in consultation with the Executive Officer.

16.4. All relevant members and employees are included in suitable security or fidelity guarantee insurance, covering maximum risk as determined annually.

17. SUSPENSION AND REVISION OF FINANCIAL REGULATIONS

17.1. The Council reviews these Financial Regulations annually, or following any change of Executive Officer or RFO.

17.2. The Executive Officer monitors changes in legislation or proper practices and advises the Council on amendments.

17.3. The Council may suspend any part of these regulations by duly notified resolution, recording reasons and risk assessment; suspension does not override legislation or permit unlawful action.

17.4. Temporary amendments may be made by resolution to address exceptional circumstances.

Appendix 1 - Tender process

1) Any invitation to tender shall state the general nature of the intended contract and the Clerk shall obtain the necessary technical assistance to prepare a specification in appropriate cases.
2) The invitation shall in addition state that tenders must be addressed to the Clerk in the ordinary course of post, unless an electronic tendering process has been agreed by the council.
3) Where a postal process is used, each tendering firm shall be supplied with a specifically marked envelope in which the tender is to be sealed and remain sealed until the prescribed date for opening tenders for that contract. All sealed tenders shall be opened at the same time on the prescribed date by the Clerk in the presence of at least one member of council.
4) Where an electronic tendering process is used, the council shall use a specific email address that will be monitored to ensure that nobody accesses any tender before the expiry of the deadline for submission.
5) Any invitation to tender issued under this regulation shall be subject to Standing Order [insert reference of the council's relevant standing order] and shall refer to the terms of the Bribery Act 2010.
6) Where the council, or duly delegated committee, does not accept any tender, quote or estimate, the work is not allocated and the council requires further pricing, no person shall be permitted to submit a later tender, estimate or quote who was present when the original decision-making process was being undertaken.

FINANCE COMMITTEE – WORK PROGRAMME (2025/26)

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ITEM	OBJECTIVE	METHOD	LEAD OFFICER
DECEMBER 2025			
Budget 2025/26 (including Budget T&F recommendations)	To review the draft budget prior to being submitted for final approval by Full Council	Report	Joanna Cahill
Grant Applications	To review applications received during the application deadline	Report	Joanna Cahill
Review of VAT	To undertake the VAT review	Report	Joanna Cahill
MARCH 2026			
Finance Monitoring Report	To receive an update from the RFO including EOY progress.	Report	Joanna Cahill
Allocation of Capital Reserves	To agree allocation of capital reserves.	Report	Joanna Cahill
Investment Strategy	To review the Strategy	Report	Joanna Cahill
JULY 2026			
Finance Monitoring Report	To review the quarterly accounts	Report	Joanna Cahill
Financial Risk Assessment	To review the Financial Risk Assessment	Report	Joanna Cahill
Internal Controls	To review the Internal Controls	Report	Joanna Cahill
Financial Regulations	To review the Financial Regulations	Report	Joanna Cahill