

CHURCH CROOKHAM PARISH COUNCIL

Finance and Policy Committee

Minutes of the Meeting of CHURCH CROOKHAM PARISH COUNCIL FINANCE & POLICY COMMITTEE

Date and Time: 7.30pm Monday 15th April 2024

Place: Acorn Hall, Church Crookham Community Centre, Boyce Road, Church Crookham

Present:

Councillors: Gareth Saunders (GS) (Chair), Bruce Bulgin (BB), Nick Basket (NB), Debbie Moss (DM), Gill Thomas (GT).

Also: Sally du Gay (Clerk)

There were no members of the public present.

24/17	Apologies for absence No apologies had been received.												
24/18	Dispensations To receive any written requests for disclosable pecuniary interest dispensations from members. No requests had been received.												
24/19	Declaration of interest relating to any item on the agenda No declarations were made.												
24/20	Chairman’s Announcements: The chair had no announcements to make.												
24/21	Public session This is an opportunity for members of the public to bring matters to the attention of the Finance Committee. No members of the public were present to comment.												
24/22	Actual vs budget To review the actual vs. budget figures for 2023/2024 and balance sheet and recommend for approval at Full Council Circulated Summary precept 2023/2024: <table><tr><th></th><th>Budget</th><th>Actuals</th><th>Variance</th></tr><tr><td>Income</td><td>£ 371,124</td><td>£ 404,120</td><td>£ 32,996</td></tr><tr><td>Expenditure</td><td>£ 345,327</td><td>£ 367,426</td><td>£ 22,099</td></tr></table>		Budget	Actuals	Variance	Income	£ 371,124	£ 404,120	£ 32,996	Expenditure	£ 345,327	£ 367,426	£ 22,099
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Expenditure	£ 345,327	£ 367,426	£ 22,099										

Sally du Gay (RFO)

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Projects		£ 86,953	£ 86,953
Movements to/from EMRs	£ 25,875	£ 55,352	£ 81,227
Total	£ 78	£ 5,093	£ 5,172

Income:

Surplus on pitch hire £12,859 due to increased regular bookings on five-a-side pitch, compensation received for grass pitches from ESSO due to pipeline works and additional grass pitch bookings for seven-a-side pitches.

Community centre income and tennis court income both exceeded budgets by £2,127 and £1,635 respectively.

Expenditure:

Employment costs – overbudget by £2,406.

Admin costs - under budget due to underspends on Christmas Decorations £1,175, Computer Maintenance & Hardware £2,114, Councillor Training £1,409, Legal Fees £1,365 and CCTV Charges for non-Crookham Park £1,200. Overspends on Bank Charges £1,741 due to movements of funds throughout the year to Flagstone platform and Promotion & Publicity £2,589 due to purchase of large gazebo for council-hosted events.

Community Support – underspend due to lack of grant applications – surplus moved to a new EMR Creating a Caring Community in Crookham.

Community Centre Costs – underspend due to small surpluses in most budgets except Maintenance £1,121 overspend due to remarking of car park.

Grounds Maintenance – overspend £39,796 largely due to investigation and remedial works at Peter Driver Sports Ground drainage issues £25,399 and to tree works at Chesilton Woods £29,460 which was offset by a movement out of EMR Tree Works.

EMRs: represents movements out of EMRs to cover expenditure and projects.

The surplus of £ 5,172 added to general reserves is within the Investment Policy guidelines of 4 to 6 months of net revenue expenditure.

Summary S106 2023/2024:

	Budget	Actuals	Variance
Expenditure	£ 84,251	£ 95,434	£ 11,183
Projects	£ 38,000	£ 60,223	£ 22,223
Movements to/from EMRs		£ 167,965	£ 167,965
Total	£ 122,251	£12,309	£ 134,560

For clarity the figures above do not include the transfers from reserves of £ 823,992, which represents the investments made with Flagstone during 2023/24. Parish councils are required to remove investments from the accounts as expenditure and include the investments on the asset register.

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	Expenditure - Tree Works over budget £ 24,580, but under budget on Grounds Maintenance Contract £6,533, Open Space Maintenance £4,215, and Allotment General Maintenance £2,049. Projects – Sensory Garden £30,995 not budgeted for, and Replacement Allotment Bridge accounted for in Open Space Maintenance instead of Projects. The Total of Actuals currently showing as £12,309, should be zero as transfers from EMRS should cover all expenditure, this variance is due to the Sensory Garden Project being split between precept and S106 expenditure, some expenditure that was accounted for through the precept budget was covered by movements from S106 EMRS. This oversight will be corrected in first quarter 2024/2025. It was resolved to recommend the actuals vs. budget and balance sheet to Full Council for approval. Proposed GS, seconded GT all in favour.
24/23	Ear Marked Reserves To review existing ear marked reserves and general reserves to ensure that they are adequate and not excessive. Circulated. Year-end reserve movements as agreed at January & March Full Council meetings have been carried out. At year-end Computer Maintenance & Hardware budget showed an underspend of £2114. It was resolved to move £2000 from General Reserves to a new EMR Computer Hardware in April 24 Proposed GS, seconded NB all in favour.
24/24	Year-end Creditors and Debtors reports To review reports and recommend for approval at Full Council Circulated The reports were reviewed: Creditors – all existing creditors will be cleared in usual payment run in April. Debtors – no issues. It was resolved to recommend the year-end creditors and debtors reports to Full Council for approval. Proposed GS, seconded DM all in favour.

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24/25

Investment quarterly review

To review the performance of the council's investments, deposits, and instant access accounts. Circulated.

Cllr Saunders report from CCLA update meeting 14.03.2024:

Property transaction volumes remain well below both 5- and 10-year averages, but Q4 was +14% on Q3. Biggest factor is City office buildings. Income return has remained broadly consistent, capital returns less so. Base rate rises left the property sector looking overvalued, but CCLA expect next move in rates will be lower. The Fund had a positive total return in Jan 24 (+0.2%), the first positive month since Oct 22. 12mth returns by sector -

All +0.3%, Retail +1.3%, Offices -11.8%, Industrial +5.8%, Residential (inc. student housing) +8.1%, Hotels +4.3%, Other +1.8%.

Income returns are broadly stable, expect capital growth once interest rates fall (likely Summer 2024, base rate 3% by 2026).

Property offers attractive yields (Fund current yield 4.9%), expect industrial growth to continue, inflation lower.

Asset allocation -

Industrial 40%, Office 18%, Retail warehouses 15%, Cash 13%, Other 13%.

55% of leases are less than 5years, 80% of tenant credit ratings are lower than average risk.

Against their benchmark (MSCI/AREF) they remain overnight Retail w/h, Industry exSE, Cash, underweight Industry SE.

On a Total Return basis, they have consistently outperformed their benchmark.

1yr -0.45%, 3yr +3.06%, 5yr +2.17%, 10yr +6.23%.

They have managed to increase rents on a number of property holdings, in some cases in the region of 40%. View is Office values likely continue to decline, Industrial will see continued rental growth and strong investor demand, Retail will continue to be driven by income returns.

Q&A - Do Fund Mgrs. consider Residential? Yes, but relatively lower yields compared to other sectors.

Any considers of making disposals in the Office sector? Yes, will likely lead to more investment in Industrial through 2024.

Based on net asset valuation of 277.02p, the current mid-market valuation of the CCLA investment has decreased to £ £765,445, from £770,584 in December 2023. The original investment was £900,000.

Dividend for January to March 2024 tbc.

An ear marked reserve was set up at year end 2023/24 to build reserves to mitigate for any capital loss on the CCLA investment. The EMR balance is currently £6,600.

CCPC continues to view the CCLA investment as a long-term investment of at least 10 years based on the annual expenditure of \$106 funds on management and maintenance of Crookham Park, currently estimated at £100k per annum. Investments held with Flagstone have been structured to release £100k per annum over the next 9 years, so the CCLA investment should not be required before 2032/33.

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	Investment schedule S106 funds: Please refer to Addendum 1 for summary of Flagstone deposits and proposed actions as per resolution below It was resolved to recommend to Full Council the following actions: S106: • Hampden investment £85,000 matures June 2024. • Move £56,000 from HSBC deposit account to Flagstone platform and combine with £23,780 from HSBC instant access account = £79,780. Top up to £85,000 from Hampden maturing funds (£ 5,220) and re-invest as an instant access account. • Re-invest balance of Hampden maturing funds £ 79,780 for 4 years. Precept: • Sainsburys £ 50,000, Aldermore £ 49,800 & Cambridge & Counties £ 49,800 all mature June 2024. Reinvest total £ 149,600 for a further 6 months. • Move £35,000 from Lloyd's deposit account and combine with £50,000 HSBC instant access account to create a new £ 85,000 instant access account. Proposed GS, seconded BB all in favour.
24/26	Review of bank accounts To consider closing Lloyds current and deposit accounts. Lloyds Bank balances (precept): Current account - £716 Deposit account - £35,352 (£ 35,000 to be moved to Flagstone platform see 24/25) Fees per month £7. It was resolved to close the Lloyds bank accounts and transfer the funds to the Unity current account. Proposed GS, seconded NB all in favour.
24/27	Date of the next meeting – Monday 15th April 2024.

The meeting closed at 7.47pm

Signed:

Date:

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Addendum 1

To cover S106 exp in year:	Status in accounts (P) or Inv/Cash	Precept (P) or S106(S)	Deposit / Investment	£	Length of deposit	Date of Investment	Date of maturity	Action following Apr F&P	Reinvested maturity date	Reinvested amount	Cashflow requirements plan and notes for future investment
N/a	Cash	P	Sainsburys Bank	£50,000	12m	14/06/2023	Jun-24				
N/a	Cash	P	Aldermore Bank	£49,800	12m	14/06/2023	Jun-24	Reinvest total of 3 £149,6k for a further 6m	Dec-24	£149,600	
N/a	Cash	P	Cambridge & Counties Bank	£49,800	12m	14/06/2023	Jun-24				
N/a	Cash	P	HSBC	£50,000	Instant	14/06/2023	Instant	Move £35k from Lloyds deposit to combine to make £85k new instant access account	Instant	£85,000	
N/a	Cash	P	Standard Chartered	£295,324	6m	16/02/2024	16/08/2024	N/a		£295,324	Pitch refurb drawdown in August
	Cash	S	HSBC	£23,780	Instant	28/06/2023	Instant	Add £56k from HSBC deposit acct Make final balance £85k from maturing Hampden Reinvest as instant access	Instant	£85,000	
	Cash	S	Hampden	£85,000	1yr	28/06/2023	Jun-24	Reinvest balance after above action for 4 years	Jun-28	£79,780	Upon maturity use to cover inflation 4 years IA?
2024/25	Inv	S	Nationwide Building Society Deposit	£100,000	18m	28/06/2023	31/12/2024	N/a		£100,000	Matures Dec 24 24/25 budget exp £108k allow to mature and use in March 2025
Rolling to 2030	Inv	S	Aldermore Bank	£100,000	2yr	28/06/2023	30/06/2025	N/a		£100,000	Roll 5 years to Jun 2030 Upon maturity in Jun 2030 budget exp 2030/31 £120k use March 2031
2025/26 2029/30	Inv	S	Aldermore Bank	£223,922	2yr	28/03/2024	30/03/2026	N/a		£223,922	Upon maturity roll £100k 4yrs to March 2030 Upon maturity budget exp 25/26 £110k use balance in March 2026 Upon £100k 4yr maturing budget exp 29/30 £118k use March 2030
2026/27	Inv	S	Sainsburys Bank	£100,000	3yr	28/06/2023	29/06/2026	N/a		£100,000	Matures Jun 26 26/27 budget exp £112k allow to mature and use in March 2027
2027/28	Inv	S	Aldermore Bank	£100,000	4yr	28/06/2023	28/06/2027	N/a		£100,000	Matures Jun 27 27/28 budget exp £114k allow to mature and use in March 2028
Rolling to 2031	Inv	S	Cambridge & Counties Bank	£100,000	5yr	28/06/2023	25/06/2028	N/a		£100,000	Upon maturity Jun 28 roll over for 3yrs to Jun 2031
2031/32	Inv	S	Cambridge & Counties Bank	£100,000	5yr	28/06/2023	25/06/2028	N/a		£100,000	Upon maturity in 2031 budget exp in 31/32 £122k use March 2032
2028/29	Inv	S	Cambridge & Counties Bank	£100,000	5yr	28/03/2024	28/03/2029	N/a		£100,000	Upon maturity March 29 budget exp 28/29 £116k use March 29
Total Flagstone investment at 31st March 2024				£1,427,626							
N.B Interest received on Flagstone platform upon maturity is to be drawn down to General Reserves											

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