Financial Risk Management Review 2022/23

Presented to Finance & Governance Committee 16 March 2023

1 INTRODUCTION

The purpose of this annual Financial Risk Management review is for the Committee to consider the assessment of the Parish Council's exposure to financial risk in 2022/2023 and make any necessary changes or actions in the budget setting process for the following year. Not only is this a requirement of the Governance and Accountability for Smaller Authorities in England (a Practitioners' Guide to Proper Practices to be applied in the preparation of statutory annual accounts and governance statement - March 2019), it is also a recommendation from the internal auditor to have a separate, dedicated risk assessment.

The Committee is asked to consider the content and agree to its recommend to Council for adoption.

2 INCOME – AREAS EXPOSED TO RISKS

Item	Amount Per Annum	Current Arrangements	Risk Levels
Precept Income	Mid Sussex District Council - £281,608	Received in 2 equal instalments (April and October)	Low risk. Guaranteed payments.
Income from Tenants	Tennis Club £1,800 Bowling Club £1,000 Charity Shop £10,260 (plus £5,130 revenue grant paid by PC.)	Bowling Club invoiced July. Tennis Club invoiced in January. Hurst Community Charity invoiced Sept & March. Revenue grant paid by return.	Low risk. Established, well managed groups with good membership numbers and reserves.
Income from Court Bushes Hirers	Kiddie Capers £17,500 pa Regular & Public Hirers target of £23,297	Emerging well out of Covid lockdowns. Aspiration for an annual £7,000 pa transfer to sinking fund.	Medium risk. Pre-School and groups subject to attendance.
Income from Allotment Holders	£2,500 from approx. 100 tenants. Deposits held in a holding account.	Annual invoices sent in September. Good debt management plan.	Low risk. Small individual payments by 100 tenants and a constant waiting list.
Cemetery Income	Budget £9,000. Only 25 grave spaces remain unsold.	Availability for the sale of grave spaces will end in approx. 2 years.	High risk - Future of Cemetery provision if wanted, to be agreed and implemented.
Parking Discs	Budget for a balanced £1,600 income/expenditure.	Each cost 80p and are sold for £1. This covers the cost of bank fees and staff time for paying in cash of approx. £270pa.	Low risk. Sold on behalf of MSDC and the small surplus funds the bank fees.

3. EXPENDITURE – AREAS EXPOSED TO RISKS

Item	Amount Per Annum	Current Arrangements	Risk Levels
Salaries NI and Pension Contributions	£124,847 £10,347 £26,312	Monthly payroll provided by WSCC. Budgeted provision for increases for 22/23 pay awards paid off.	Medium risk. Highest expenditure line, partly protected by guaranteed precept.
Councillor Allowances	£8,300	Monthly payroll provided by WSCC.	Low risk.
Professional Support	£10,000	Used to fund Planning Consultant and RFO Support. Underspent for 2022/23.	Low risk.
Cost of Public Toilet Provision	Caretaking £4,500 budget but overspend of approx. £2,500	Caretaking, Cleaning and Key Holding Services.	Medium risk. Monitoring increasing costs from suppliers.
Hurst Meadows	Earmarked Reserve of £319,261. Annual budget target of £17,500.	Use of EMR 350 to fund costs (except waste collection)	Long term medium risk. Earmarked reserve is being run-down and not replaced.
Building Surveys: Chapel, Toilets, Bus Shelters, Stabled & Court Bushes in future	Condition Surveys completed and projects to identify works underway.	At this stage funds have been added to the 2023/ 2024 budgets and the exact work to be agreed.	High risk. Due to age of buildings and issues identified.
Play Equipment and Safety Surfacing	Repairs to play equipment budget £1,500. New play equipment budget £1,500.	Annual ROSPA and weekly visual inspections identify issues. S. Avenue safety surfacing repairs on 17 April 2023.	High risk. Unforeseen costs in this area can be very expensive.

4 OTHER AREAS EXPOSED TO RISKS

Item	Amount Per Annum	Current Arrangements	Risk Levels
Financial Records	N.A.	Riatas Financial Accounting System backed-up each month, once accounts completed, in the cloud. Paper records also held on file in the office.	Low risk.
Insurance Cover Includes Employers Liability as required by law. Includes Vehicle Cover as required by law.	Premium £2860.00 p.a. Premium £732.76 p.a.	Extensive cover with BHIB. Please refer to insurance documentation. Comprehensive cover with Highways Insurance Co. Ltd.	Medium risk. As the insurance cover is reliant on an accurate asset register, it is critical that the asset register is kept up to date.

5. INVESTMENTS & DEPOSITS

Item	Amount at 28 February 2023	Current Arrangements *	Risk Levels
Unity Trust Current Account	£134,112 Monthly Charges for Current Account (approx. £200p.a.)	FSCS Protected to £85k (See note + below.)	Medium risk. Only £85,000 FSCS protected.
Unity Trust Savings Account	£100,000		Medium risk. Only £85,000 FSCS protected.
Nationwide	£84,669 95 Day Savings Account	FSCS Protected 95 Day Savings Account	Low risk.
Cambridge and Counties	£50,000	FSCS Protected 1 Year Fixed Rate Deposit	Low risk. £15,000 at risk.
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United Trust Bank	£100,000	FSCS Protected to £85k 1 Year Fixed Rate Deposit	Low risk. £15,000 at risk.
CCLA Shares	£100,382.24 Interest received each month.	Long term investment held on asset register.	Low risk. £15,383 at risk.

+ N.B. A new Redwood Bank Account has been opened and £100,000 transferred on 2 March 2023 from the Unity Trust current account.

(*FSCS – Financial Service Compensation Scheme protects up to £85,000 within one banking group.)

6. MONTHLY MONITORING AND REVIEW

At each monthly Finance & Governance Committee meeting the payments and receipts for every transaction are scrutinised and the detailed income and expenditure of each budget line is considered. Bank reconciliations are studied and if approved, signed off by the Vice-Chair of the Committee. Each quarter the Special S126 VAT Returns are also provided for information and the Petty Cash reconciliation is also approved.

At the end of each quarter the earmarked reserves are considered. Decisions to increase amounts held in the general or earmarked reserves are considered and agreed, and any transfers are actioned accordingly.

On an annual basis a review of Reserves also forms part of the budget setting process, with formal approval confirmed by Council. In year decisions to transfer funds between reserves will be considered by the Finance & Governance Committee, with a recommendation put to Council for approval.

RECOMMENDATION: That the Committee agrees the financial risk assessment for 2022/2023 and recommends it to Council for approval and adoption.