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Financial Risk Management Review 2025/26

For Finance, Governance & Estates Committee 19 March 2026

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 2025/2026 and make any necessary changes or actions in the budget setting process for the following financial 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 - April 2025 to March 2026), it is also a recommendation from the internal auditor to have a separate, dedicated risk assessment.

2. MONTHLY MONITORING AND REVIEW

At each monthly Finance, Governance & Estates 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 quarterly.

The earmarked reserves are reviewed regularly. 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 & Estates Committee, with a recommendation put to Council for approval.

3. INCOME – AREAS EXPOSED TO RISKS

Item	Amount Per Annum	Current Arrangements	Risk Levels
Precept Income	Mid Sussex District Council - £331,861.	Received in 2 equal instalments (April and Oct)	Low risk. Guaranteed payments.
Cemetery Income	Budget £10,255. Actual at 28.2.26 £14,483. 5 adult grave unsold. 10 child graves unsold. 92 ashes plots.	Survey completed to identify more plots. Ashes plots are available. Burials fees income will continue for decades.	Medium risk as new plots being identified. Future income to end from sale of grave plots eventually.
Income from Tenants	Tennis Club £2,500 Bowling Club £1,400 Charity Shop £10,260 (minus £5,130 grant paid by PC.)	Bowling Club invoiced July. Tennis Club invoiced January. Hurst Charity shop invoiced Sept & March and grant paid.	Low risk. Established, well managed groups with good membership numbers and reserves.
Income from Allotment Holders	£3,190 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.
Income from Court Bushes Hirers	To date £49,411 income from Kiddie Capers, other regular hirers plus ad hoc hirers. Target was £42,000.	Aspiration for an annual £7,000 pa transfer to sinking fund.	Medium risk. Pre-School and hirers subject to attendance.
Parking Discs	Budget for a balanced £1,600 income/ expenditure.	Each cost 80p (gross) and are sold for £1. This covers the cost of bank fees and staff time for paying in £270pa.	Low risk. Sold on behalf of MSDC and the small surplus funds the bank fees.

4. EXPENDITURE – AREAS EXPOSED TO RISKS

Item	Amount Per Annum	Current Arrangements	Risk Levels
Staff Costs: Salaries NI and Pension Contributions	2025/26 Budget: £158,600 £20,040 £28,866	Monthly payroll provided by WSCC. Cost have increased for Employers NI to 15% but Employers Pension reduced to 15%.	Medium risk. Highest expenditure line, partly protected by guaranteed precept.
Councillor Allowances	2025/26 Budget: £6,800 underspend forecast.	Monthly payroll provided by WSCC.	Low risk. Allowance only paid to elected Cllrs.
Professional Support	Budget £15,000 Actual £5,011.	Used for Planning Consultant / Legal Fees.	Low risk.
Cost of Public Toilet Provision	Annual budget for two sites in Hurstpierpoint of £14,000.	Caretaking & Cleaning Services. Repairs etc.	Medium risk.
Hurst Meadows	Earmarked Reserve of £296,769 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.
Property Maintenance: Chapel, Toilets, Bus Shelters, Stables & Village centre (not Court Bushes).	Condition Surveys completed (not CB) and various works undertaken and planned.	Various work programmed for 2026/ 2027 and budgets 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.	High risk. Unforeseen costs in this area can be very expensive.

5. UTILITIES

Item	Amount Per Annum	Current Arrangements	Risk Levels
Electricity Chapel, Toilets, Court Bushes, Street Lights,	Chapel Budget £385. Actual £465 to 31.1.26. Toilets Budget £1500. Actual £1249 to 31.1.26. Court Bushes Budget: £10,000. Actual £7910 to 31.1.26 Streetlights Budget £4,200. Actual £1085 to 31.1.26	Regular meter readings help keep bills on track. Smart meters at CB and Chapel. February and March 2026 bills still to arrive.	Medium. New contract agreed at FGE in January 2026 for 12 months.
Water	Chapel, Toilets, Allotments, Court Bushes, Village Centre.	New supplier (ADSM) annual fee paid in advance. Reconciliation at end of year.	Medium. More regular years are required to establish base levels but 8% increased advised for 2026/7.

6. 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.	Parish Council Premium £5,200. Van Premium £691.	Extensive cover with 'Clear' Please refer to insurance documentation. Comprehensive cover with Highways Insurance Co. Ltd.	Medium risk. Increases in costs of insurance has settled to less than inflation increases. Comparison quotes are above current premiums.

7. INVESTMENTS & DEPOSITS

Item	Amount at 28 February 2026	Current Arrangements *	Risk Levels
Unity Trust Current Account	£74,030	Whilst it can be argued all bank deposits are at risk, only FCA regulated banks are used and bank credit ratings are now monitored.	Medium Risk.
Unity Trust Savings Account	£183,929		Medium Risk.
Nationwide	£92,870 - 95 Day Notice Savings Account	95 Day Savings Account.	Medium Risk.
Cambridge and Counties	£50,000 Together with row below makes £100,00 in one institution.	1 Year Fixed Rate Deposit	Medium Risk.
Cambridge and Counties	£50,000	1 Year Fixed Rate Deposit	Medium Risk.
United Trust Bank	£100,000	1 Year Fixed Rate Deposit	Medium Risk.
Hampshire Trust Bank	£100,000	1 Year Fixed Rate Deposit	Medium Risk.
CCLA Shares	£115,747.89 Interest received each month.	Long term investment held on asset register.	Medium Risk.

The FSCS – Financial Service Compensation Scheme (*) protects up to £120,000 within one banking group. Once a Parish Council budget exceeds 500,000 Euros, the FSCS no longer applies. From 1 April 2025, the Parish Council budget included expenditure of £442,452 which will generally exceed 500,000 Euros when converted. The Parish Council's Savings and Investment Policy has been amended accordingly.

The Committee is asked to consider the assessment of the Parish Council's exposure to financial risk in 2025/2026 and make any necessary changes or actions for 2026/27.

<u>RECOMMENDATION</u>: That the Committee agrees the financial risk assessment for 2025/2026 and recommends it to Council for approval and adoption.