

Finance and Resources Committee, 18 June 2013

## Reserves Policy

### Executive summary and recommendations

#### **Introduction**

A copy of the policy is attached.

#### **Decision**

The Committee is asked to:

1. Review the rationale for the reserves level.
2. Recommend the policy to Council for approval

#### **Background information**

The reserves policy target has been maintained at the same level since HCPC was formed.

#### **Resource implications**

None

#### **Financial implications**

HCPC cash flow requirements for the year ending 31 March 2014.

#### **Appendices**

Appendix 1- Draft reserves policy  
Appendix 2 – Reserves Policy Forecast

#### **Date of paper**

6 June 2013

## Reserves Policy

### Appendix 1

#### **Introduction**

A private meeting of the Council in October 2004 ratified the September 2004 proposed policy that sufficient Reserves should be held to cover three months overheads. The Reserves policy was last approved by the Finance and Resources Committee in March 2012.

#### **1.0 Reserves definitions**

HCPC defines reserves as working capital which is trade and other receivables plus cash less trade and other payables.

#### **2.0 Reserves Policy**

That HCPC maintain a reserves level that is a MINIMUM of three average months budgeted operating expenses.

**APPENDIX TWO**  
**Reserves Policy Forecast**

	2011/2012 Actual	2012/2013 Actual	2013/2014 Budget
Working Capital	7,422,000	14,060,000	6,801,000
<b>Total available</b>	<b>7,422,000</b>	<b>14,060,000</b>	<b>6,801,000</b>
Expenditure	16,713,000	20,697,000	23,963,000
<b>3 avg mths of Op Expenses (Policy target)</b>	<b>4,178,250</b>	<b>5,174,250</b>	<b>5,990,750</b>
Difference	3,243,750	8,885,750	810,250
Ratio of Closing CF to WC	1.17	1.11	1.31
Closing Cash	8,709,000	15,584,000	8,909,000
Forecast in £000's	7,422	14,060	6,801
Three mths holdings target in £000's	4,178	5,174	5,991