

Council 4 July 2013

Reserves Policy

Executive summary and recommendations

Introduction

The HCPC reserves policy is reviewed annually.

Decision

The Council is asked to review the attached documents and approve the reserves policy.

Background information

The policy was last approved by Council at the May 2012 meeting.

The Finance and Resources Committee has recommended the policy to Council for approval and also that the policy is reviewed again in a year's time.

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

24 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 Council in May 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
Total available	7,422,000	14,060,000	6,801,000
Expenditure	16,713,000	20,697,000	23,963,000
3 avg mths of Op Expenses (Policy target)	4,178,250	5,174,250	5,990,750
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