Audit and Risk Assurance (ARAC) meeting

**Date:** 19 October 2023

**Paper reference:** AUD 28/23

**Agenda item:** 15

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Reserves Policy

# Purpose of paper

1. To present to the committee the Reserves Policy

**Decision making to date**

1. The policy was last reviewed by the Committee in October 2022. The Committee agreed that the HTA should maintain an ongoing minimum cash balance of £900k to facilitate its usual cash flow requirements plus a £530k buffer for exceptional events.
2. A review of costs based on the 2023/24 budget has resulted in an increase in the cash flow requirements from £530k to £660k which is mainly due to increases in staff costs, giving a total minimum level of reserves of £1,560k (the £900k for cashflow remains unchanged). The actual level of reserves at the end of 2022/23 was £4,106k, therefore we are currently well within our reserve policy.
3. It is proposed that the committee approve the amended policy. Attached is our current cash flow forecast for 2023/24 for information.
4. There have been previous discussions pertaining to a reduction in our cash reserves. We have already commenced discussion with the Department of Health and Social Care on this and will consider further options and actions as they arise, in particular when we reach the next Spending Review.
5. The Reserves Policy was reviewed and agreed by the SMT on 25 September.

# Recommendation

1. ARAC Members are required to approve the attached unchanged policy.

Cashflow for the year ended

31 March 2024

