

Reserves Policy



Annexe A

Reserves policy V1.2

The PSA has agreed to hold reserves of three months' total operating costs (from 2025/26 £1.365 million) to cover unexpected in year costs within which it draws a distinction between:

- A restricted element associated with regulatory and standards work
- An unrestricted element associated with all the PSA's work.

The intention is that the restricted element will amount to £0.910 million and the unrestricted £0.455 million and could cover unexpected expenditure during the year after the fee has been determined - for example costs arising from an increase in its workload, the need to undertake an investigation, changes to legislation or significant additional legal costs in S29 cases. It could also cover most costs associated with organisational shutdown.

The level and make-up of our reserves will be reported through our Annual Report.

Any money taken from reserves during the year will need to be replaced in the following year(s).

Should there be a need to draw upon the restricted element of the reserves we will report this to the regulatory bodies at an appropriate point

Fixed assets

The financing of the PSA's fixed assets is attributed to the restricted element of the reserves on the basis that regulatory and standards work represents the PSA's statutory function.

Unrestricted reserve surplus

At present the PSA holds in excess of the 1/3rd (unrestricted) target of one months' total operating cost.

This unrestricted reserve surplus (currently circa £0.690 million) is regarded as available for the PSA to use, as appropriate, in relation to development work associated with the PSA's strategic plans.

It is anticipated that any surplus will be used to develop regulatory practice, including:

- Research projects
- Specific events
- Supporting the Accredited Registers programme.

Version	Description of version	Date
1.0	Approved by ARC and Board	January 2021
1.1	Increased to match 24/25 budget	October 2023
1.2	Updated words to remove Authority and increase for 25/26 budget	November 2024