

Hanham Community Centre
A Charitable Incorporated Organisation - Charity No: 1152575

Reserve Policy

September 2023

Dated: September 2023

Issue: 4.0

Prepared by: K M Lawrence

***This Policy was adopted by the Board of Trustees in Aug 2012
and was revalidated in Oct 2023***

AMMENDMENTS

Version	Date	Author	Comments
0.1	May 10	K M Lawrence	Initial Draft
1.0	July 10	K M Lawrence	Approved by BOT
2.0	Aug 12	K M Lawrence	Revalidated
3.0	Oct 17	K M Lawrence	Revalidated and reformatted
4.0	Sept 23	K M Lawrence	Reviewed and updated

Reserve Policy

1. Introduction

The Trustees believe that this Charity should hold financial Reserves for Emergencies in line with guidance issued by the Charity Commission and will set aside appropriate funds (define herein) to meet these requirements and to safeguard the charities commitments in balancing needs of future and current beneficiaries of a charity.

2. Current Policy

2.1 Unrestricted funds are needed:

- To provide funds which can be designated to specific projects to enable these projects to be undertaken outside of the normal day-to-day financial regime;
- To cover general core running costs needed to support core activities during time of financial difficulties (emergencies);
- To cover period of cash shortage (manage cash flow). The Trustees believe it prudent that unrestricted reserves should be sufficient;
- To avoid the necessity of realising fixed assets held for the Charity's use;
- To cover a period of administration and core costs;
- To provide a designated fund from which funds can be allocated for specific projects.

2.2 The Trustees believe the Reserves Policy and level should be reviewed regularly and that any difference between actual and desired levels should be managed in stages, consistent with the charity's overall financial position and its need to maintain and develop its charitable activities.

3. Future Business – Likely Requirements

The Trustees hold an annual review of its strategic plan, and this process defines the likely requirements for the forthcoming period. The strategic planning process along with the financial budgetary process and risk assessment will be key in defining the Reserves Policy.

4. Organisational Commitments

The organisation has a number of critical commitments to fund throughout the year, these include:

- Loan interest and capital repayments
- Utility and rate charges
- Employee wages
- Committed expenditure (legal, contracted services etc)
- Costs directly associated with services delivered

5. Review and Re-assessment

The Trustees reviewed the risk assessment and confirmed there have been no material changes over the period since the last assessment. They have reviewed and revised the Reserve Policy as shown at [6] below. The General Free Reserve is just above a reasonable level of Free Reserve so no adjustment is needed this year.

6. Formal Policy for Coming Period

6.1 A Formal Policy on Reserves was agreed by a meeting of the Board of Trustees.

6.2 It states:

The Trustees have set a Reserves Policy which requires:

- Reserves are built/maintained/reduced to a level which ensures that 9 months of organisation's core activity could continue during a period of unforeseen difficulty (nominally 10% of income). This is currently estimated to equate to £15,000;
- A proportion of Reserves are maintained in a readily realisable form;

7. Adoption

This policy was adopted by the BOT on 2nd September 2013 and was revised and revalidated in October 2023, and is duly signed by two presiding charity trustees (in accordance with HCC Constitution para C22).

Signed: K M Lawrence

Signed: J Lambourne

PRINT: K M Lawrence

PRINT: J C Lambourne

Date: 25th Sept 2023

Date: 25th Sept 2023