

Reserve Policy

Responsible Officer	Treasurer	Policy Approved	Trustees
Review Required	September 2020	Date	17.09.19
Reserve Policy			

1. Background

- 1.1. www.gov.uk Charity Commission Guidance on reserves 2016 defines reserves as follows, 'Reserves are that part of a charity's unrestricted funds that is freely available to spend on any of the charity's purposes. The starting point for calculating the amount of reserves held is therefore the amount of unrestricted funds held by a charity. However, some or all of the unrestricted funds of a charity may not be readily available for spending. This is because spending those funds may adversely impact on the charity's ability to deliver its aims. The items that should be excluded from reserves are:
- a. *tangible fixed assets used to carry out the charity's activities, such as land and buildings*
 - b. *programme-related investments those held solely to further the charity's purposes*
 - c. *designated funds set aside to meet essential future spending, such as funding a project that could not be met from future income*
 - d. *commitments that have not been provided for as a liability in the accounts'*
- 1.2. *As the regulator of charities in England and Wales, the Commission expects trustees to decide, publish, implement and monitor their charity's reserves policy so that they can comply with their legal duties to:*
- a. *act in the interests of their charity and its beneficiaries*
 - b. *protect and safeguard the assets of their charity*
 - c. *act with reasonable care and skill*
 - d. *ensure their charity is accountable*

2. Rationale

- 2.1. SCL is totally dependent on voluntary donations and grant submissions for its' funding basis.
- 2.2. The Manager post is funded at 40% and 30% respectively for the next two years from November 2019 by Leicester Dioceses Growth Fund, above and beyond that there are no defined income streams.
- 2.3. Future income remains uncertain and there is no guarantee that resources will be forthcoming to maintain and sustain SCL sessions.

3. SoundCafe Reserves Policy

- 3.1. A reserve policy is needed in order to ensure that SoundCafé has sufficient funds to meet its charitable objectives for the foreseeable future, *providing a safe creative space for adults who are homeless, at risk of homelessness, vulnerable or socially isolated as a consequence of their living arrangements.*
- 3.2. The Trustees propose to maintain SoundCafe’s reserves at a level which is equivalent to four months’ operational costs. This is on the basis that:
- a. Adequate notice of closure of the charity needs to be given to guests, volunteers and supporters
 - b. Ideally three months’ notice to staff of termination of employment
 - c. Notice to St. Martins House on future booking commitments
 - d. Celebrating the success of what has been achieved during the life of the Charity and enabling guests to have a ‘final voice’ is fundamental to our guiding principles and the time within which to do this is of equal importance.
- 3.3. Utilising our core cost base as at August 2019 a reserve of £14,000 will be maintained.
- 3.4. The level of reserves that are required, to ensure that they are adequate to fulfil SoundCafe’s continuing obligations will be reviewed on an annual basis at a trustee meeting.

Agreed:

Signed:

Date

(Chair of Trustees)

Date