



Reserves Policy 2024

Introduction

The Charity Commission expects trustees to decide, publish, implement and monitor their charity's reserves policy so that they can comply with their legal duties to:

- act in the interests of their charity and its beneficiaries
- protect and safeguard the assets of their charity
- act with reasonable care and skill
- ensure their charity is accountable

In practice, this means that trustees should:

- develop a reserves policy that:
 - fully justifies and clearly explains keeping or not keeping reserves
 - identifies and plans for the maintenance of essential services for beneficiaries
 - reflects the risks of unplanned closure associated with the charity's business model, spending commitments, potential liabilities and financial forecasts
 - helps to address the risks of unplanned closure
- publish the reserves policy (even if not required to by law) and ensure it is tailored to the charity's circumstances – it should not be just a standard form of wording. It should explain to funders, beneficiaries, the public and the Commission exactly what reserves are kept (or not kept) for and when they are to be used
- make sure that their reserves policy is put in place and operated
- regularly monitor and review the effectiveness of the policy in the light of the changing funding and financial climate and other risks

What are Reserves?

Financial reserves refer to funds that the charity has set aside to cover unexpected expenses, emergencies, or future financial needs. These reserves act as a financial cushion, providing a safety net in times of economic uncertainty or unforeseen circumstances such as unexpected expenses related to the maintenance or repair of the village hall facilities or sudden reduction in income. The charity's financial reserves serve as a strategic measure to ensure the continuity of community services and events, providing a buffer against unexpected costs and helping to sustain the long-term viability of the village hall.

Reserves exclude any permanent endowment or restricted fund of which the charity may at some time in the future be the beneficiary of. Woodlands Village Hall does not currently hold any restricted funds.



The Policy

The trustees have established an agreed level of reserves that they wish to maintain. This is based on an assessment of:

- the risk of incurring significant unforeseen expenditure that cannot be delayed, and the likely magnitude of such expenditure
- the risk of suffering significant unforeseen loss of income which cannot be replaced in the short term, and again the likely magnitude of such a loss
- the need to balance reserve requirements against funds available for achieving the charity's objectives

The agreed level of reserves is designed to ensure that enough short term funds would be available in the event of one or more of these outcomes, such that the ongoing operations of the Hall would not be affected in all but extreme circumstances.

The risk and magnitude of unforeseen expenditure is clearly affected by our knowledge of the state of the building and premises. The hall was built in 1975. The following refurbishments are known to have been completed:

- 1996 – Extensive refurbishment including new heating, roof insulation, new outer cladding, new windows, new floor, new hot water tank, complete re-wiring and internal upgrades to layout, toilets and kitchen
- 2001 – Cavity wall insulation installed
- 2005 – Parquet floor refurbished and installation of disabled toilet + toilet refurb
- 2007 – New heating panels installed & kitchen refurbished
- 2008 – Asphalt car park laid
- 2014 – New roof & insulation installed
- 2015 – Kitchen flooring replaced & 14 curtain sets installed
- 2016 – Galvanised stock fence installed at front of premises & toilet sanitaryware replaced
- 2022 – Hot water system replaced, emergency exit doors replaced
- 2023 – Electrical system inspected and remedial action completed. Sewerage system replaced. Asbestos survey undertaken and remedial action completed.

However, there are areas that have not been professionally surveyed or are showing signs of age and could potentially require unexpected repair. These include the wooden outbuilding (erected in 2003, new roof in 2010), the asphalt car park, the parquet floor, windows, the main entrance doors and the fabric of the building not covered by previous refurbishments.

With eight regular user groups, around 40 individual hires per year, a collaboration with Artsreach and an income sharing partnership with a local performing arts company our income is robust, predictable and well diversified. The charity has access to various local granting bodies including the Knowlton Parish Community Benefit Fund which has in the past funded major items of expenditure at the hall. (The KPCBF is funded by income from a local solar farm until 2035). The charity also has in place a comprehensive insurance policy with Ansvar Insurance to cover loss of charity property, damage to premises and any liability claims. However, the unexpected loss of a few of the larger users would result in a loss of income that could be difficult to replace in the short term.

Taking these factors into account, the current minimum level of reserves that the trustees wish to maintain is £7,000 which is equivalent to 75% of the charity's annual income for 2023.

This policy and the level of reserves will be reviewed annually.