

Gamesley Community Group CIO (“GCCG”)

Reserves Policy

Purpose

The GCCG will keep money aside as a reserve to protect the charity against drops in income or allow it to take advantage of new opportunities. The GCCG reserves can be spent on any of its aims.

In compliance with charity law and Charity Commission guidance, The GCCG will set – out in our trustees’ annual report and so inform donors, funders, and other stakeholders of the reasons as to:

- why we need to keep money aside instead of spending it on our charity aims.
- how much our charity holds in reserve.
- why our charity needs to hold this amount in reserve.
- what our reserves may be spent on.

1. Planning for unforeseen emergencies or day to day operational costs

The GCCG will need to judge what amount of expenditure is required. The GCCG might want to hold back an amount as a contingency against unforeseen costs. Questions to consider include:

- Is there uncertainty over future income? The GCCG may want to hold funds to meet expenditure for a period to allow for any gaps in funding. For example: having reserves equivalent to a number of weeks or months expenditure to allow time to develop new sources of income or consider the future of our activities.
- Has a specific cost been recognised, such as an improvement to facilities, or new projects? Reserves may need to be built up to meet this future cost. The reasons why The GCCG needs reserves will determine the amount of reserves and how this is reflected. In some cases, reserves will be a specific amount, in others it may reflect several months or weeks expenditure which could fluctuate. It is important to recognise that there is not a one size fits all approach to reserves and the GCCG will need to consider what is relevant for our charity. How much the charity needs may vary. If in one - year the GCCG has a specific project planned the charity may need a higher level of reserves. The level required will be reviewed regularly to make sure it is still fit for purpose.

2. Particular reasons to hold reserves and how these may be spent:

In the light of the above guidance, The GCCG will adopt the following approach, which will be reviewed every three years:

We will hold in reserves:

- 6 months funds to cover redundancy costs, contract notice payments and other outstanding payments due and should it be necessary to wind up the organisation
- Resources to fund short-term deficits in a cash budget, for example money which may need to be spent before funding is received.
- Resources to support the overall budget in the event of grant applications not being successful. This amount will vary over the year as bid results become apparent.

This amount will be the target maximum amount held in reserves.

We will make adjustments from time to time to optimize funding to the GCG, and benefit the public, if this is necessary to reduce its level of reserves. Timing is crucial, as the decision must not be taken before results of bids and other factors are known.

If we do this, it is important that funding is not deployed in a random manner, as can occur when fortuitous savings arise. The GCG will take decisions in accordance with its Strategic Aims and within the priorities expressed below :

- Expenditure on pilot projects to test out new ideas that might or might not prove viable in the longer term.
- Expenditure on service expansion and development into geographic areas within Gamesley, and Glossopdale where the GCG is not currently active.
- To tackle unmet need within Gamesley and Glossopdale falling within the GCG's Strategic Objectives
- Investment in Staff and Trustee development – skills, knowledge and performance.
- Investment in physical assets, the rental property or IT for instance.

Proposals will be developed by the CO in accordance with the above policy and presented to the Board for consideration in Summer, with expenditure commencing in Autumn in accordance with the caveats above.

4. Determining reserves

The **Finance Sub - Committee** shall recommend to the Board of Trustees an annual level of reserves based upon the needs of the charity. The Finance Sub - Committee shall keep the level of reserves under review and advise the Board of Trustees of any recommended changes to the reserves based upon the trading position of the GCG, the foreseeable needs and requirements of the charity, internal & external environment change, and any compliance requirements.

Reserves may be invested in accordance with the GCG **Investment Policy** as from time to time instigated & reviewed by the Board of Trustees and in compliance with any delegated authority.