

## Reserves Policy

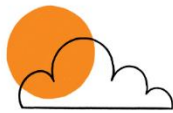
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|-----------------------|---------------|----------------------------------|-------------------------|
| <b>Status</b>         | Approved      | <b>Named Trustee</b>             | David Canfield          |
| <b>Initial Review</b> | December 2022 | <b>Reviewed By</b>               | Lisa Ball, HR, Trustees |
| <b>Last Review</b>    | 21/03/23      | <b>Approved by Trustees Date</b> | 29/03/23                |
| <b>Next Review</b>    | 29/03/24      | <b>Links Last Checked</b>        | n/a                     |

### Purpose

The purpose of this policy is to describe to all stakeholders the measures Caudwell Youth take to ensure the financial stability of the charity.

### Values

Our values are:



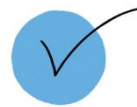
**Optimistic yet realistic**

Look to the future but prioritise the present.



**Include intentionally**

Foster an open culture.



**Deliver with Integrity**

Always uphold honesty, act within our morals & ensure we are dependable.



**Empowerment**

Feedback empathetically, always act with understanding, support and value.

### Definition

The Charity Commission defines reserves as follows: "Reserves are that part of a charity's unrestricted funds that are freely available to spend on any of the charity's purposes". This definition excludes restricted funds such as grants and statutory income. Reserves will also normally exclude funds that have been designated for essential future spending and tangible fixed assets held for the charity's use.

### Policy

Caudwell Youth is committed to having both robust and transparent financial processes for the protection of the charity's aims and purposes and also as an employer.

The charity exists to support vulnerable and disadvantaged young people and, as part of this commitment, understands that its financial management is essential to delivering these outcomes. Reserves are an essential element of financial planning to inform the budget and risk management process by identifying any uncertainty in future income streams.

Expenses to be paid from reserves must be approved by all SLT members and the majority of trustees, including the treasurer. No exceptions will be made.

### Responsibilities

#### Trustees

Trustees are under a general legal duty to apply charity funds within a reasonable time of receiving them.



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

The Board of Trustees aim to have a minimum of three months expenditure in reserves at any one time and a maximum of 6 months reserves. The reasons for this are that three months of reserves allows us to continue to operate if we see a fall in incomes, while more than 6 months of reserves can make us ineligible for many funds from Grant Making Trusts.

If reserves fall under the designated amount the Trustees may apply measures such as:

- Reduce non-essential spending.
- Downsize charitable activity.
- Restructure staff teams.
- Look to increase unrestricted income through donor giving.
- Consider the sale of non-essential assets.
- Explore alternative measures to mitigate the risk.

If the charity is in excess of six months reserves, both during or at the end of the financial year, a decision will be made by Trustees on the advice of SLT on how these reserves are redirected to meet the charity's aims and purposes.

## Senior Leadership Team (SLT)

To supply the Trustees with the information they require and engage in constructive discussions to maintain the income required for the charity to fulfil its objectives.

All charities are required to publish a reserves policy in their annual report (available on The Charity Commission website, which Caudwell Youth do so willingly and without reservation).

