



This policy and procedure has been adopted by Saffron Walden Mencap Society (SWMS) through our Trustees Committee which remains responsible for its review.

Original signed version is kept at the SWMS Registered office.

Signed:

Date: March 4th 2024

Name: P. Draper (Chair of Trustees)

Record of review of this policy and procedure:-

Reviewed:

Next review:

RESERVES POLICY

Rationale

A reserves policy justifies holding appropriate levels of financial reserves to protect against future uncertainties, explaining to existing and potential funders, donors, beneficiaries and other stakeholders why a charity is holding a particular level of reserves. It also provides an indicator of future funding needs and demonstrates the overall resilience of the charity. Reserves should be maintained at a level which ensures that the Charity's core activity could continue during a period of unforeseen difficulty.

1. Policy Statement

The trustees of Saffron Walden Mencap Society are responsible for maintaining a level of reserves which gives confidence to its stakeholders that the Charity's finances are being properly managed. The agreed reserves also provide an indicator of future funding needs, the overall financial resilience and will protect against future uncertainties.

The Charity Commission for England and Wales* 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

* <https://www.gov.uk/government/publications/charities-and-reserves-cc19>

2. Responsibilities of Trustees

- Ensure a Reserves Policy is put in place and operated.
- Maintain reserves at a level which ensures that the Charity's core activity could continue during a period of unforeseen difficulty. A proportion of reserves will be maintained in an easily accessible form.
- Fully justify and clearly explain keeping or not keeping reserves.
- Identify and plan for the maintenance of essential services for beneficiaries.

- Consider the risk of unplanned closure associated with the Charity’s business model, spending commitments, potential liabilities and financial forecasts.
- Help to address the risks of unplanned closure on beneficiaries, (particularly vulnerable beneficiaries), staff and volunteers.
- Include as an integral part of the organisation's annual planning, budget and forecast cycle a calculation of the required level of reserves.
- Include in Saffron Walden Mencap’s Society’s annual report the level of reserves held (even if not required to by law) and ensure it is appropriate to the Charity’s circumstances. This should explain to funders, beneficiaries, the public and the Commission exactly what reserves are kept for and when they are to be used. If no reserves are in place, it shall include a statement to that effect.
- Regularly monitor and review the effectiveness of the policy in the light of the changing funding and financial climate and other risks.

3. Implementation

In determining the level of reserves to be held over a 6 month period the trustees shall consider the following, although not necessarily exclusively, based on previous outgoings and income and financial forecasts.

- Salaries
- Insurance
- Hire of premises
- Running costs of activities
- Travelling expenses
- Bank charges
- Replacement cost of equipment
- Termination of grants/funding
- Website charges
- Influence of current economic climate on funds

The level of reserves held shall also include unforeseen additional expenditure that may occur over the six month period and subject to review as and when necessary.

Policy Review

The Policy shall be reviewed every 12 months unless circumstances arise in the meantime, necessitating any amendment(s).