

# Charity Reserves Policy building resilience.

## Hillstown Miners' Welfare Trust.

### What is a reserve.

Reserves are that part of a charity's income fund that is freely available to spend on any of the charity's purposes. A charity's reserves are to be sufficient to protect it from the risk of insolvency or serious disruption to its charitable work and income.

### Why do we need it.

Charities reserves should be a responsive fund, if an urgent or unexpected problem arises.

1. The trust will endeavour to retain at least 1 year's operating costs by way of unrestricted reserve (non-ring fenced) funds. This is currently set at £30,000 To be reviewed yearly.(2023/24)
2. Any use of the reserve should have a plan to return it to its agreed level.

### What you cannot use the fund for.

#### **Project financing.**

- Designated funds for a project including a contribution required in the conditions of the majority of a Grant Application including contingency element of 15% (recommended) for overspend on a planned project should be separate from using the reserve.)
- Any money held for a specific project should be noted as Restricted and what project it is to be used for.

#### **Notes:**

Charities can deposit their reserves to generate income as long as it can be reasonably accessed.

"Reasonably accessed funds" refers to money that a charity can quickly and easily access without incurring significant penalties or delays. This ensures that the organization has sufficient liquidity to cover unexpected costs or to continue operations during financial downturns. These funds are typically held in accounts such as savings accounts.

The commission expects trustees to, publish, implement and monitor their charity's reserves policy.

Fully justifies and clearly explains keeping or not keeping reserves.

Make sure that their reserves policy is put in place and operated.

The reserve cannot fund planned future project spending.

Trustees should provide an explanation if the reserves held differ significantly from the target they have set for reserves.

v1.6. Policy/Reserves/Dec 21/Oct 23/ June 24

Approved ~~17<sup>th</sup> May 2023~~

Signed: K Bates: Secretary, on behalf of the trustees.