



# Reserves Policy

## 1. Statement

This Reserves Policy for Cobham Village Hall is to be agreed and adopted by the Village Hall Trustees at their meeting of 29 July 2024. The Finance Manager will be responsible for keeping the policy up to date and ensure it is reviewed on an annual basis.

Income reserves are described by Charity Commission as the resources the charity has, or can make available, to spend for any, or all, of the charity's purposes, once it has met its commitment and covered other planned expenditure.

There are two types of reserves

**Unrestricted reserves** – held to offset risks, and

**Restricted reserves** – held for **specific** future purposes.

**Information on our Restricted Reserves is detailed in Appendix 1 at the end of this policy – Currently NONE**

**Designated funds** – Designation is an administrative act whereby the Trustees may earmark **unrestricted** funds for a particular project or use, without restricting or committing funds legally. The designation may be cancelled by the Trustees if later decided not to proceed or continue with the use or project for which the funds were designated.

CVH Trustees will follow the recommendation in the Charity Commission guidance RS3 which states Trustees must quantify and explain the purpose of any designated funds, along with the likely timing of that expenditure. Additionally, that the amount of any funds held as designated funds is appropriate to the purpose or use for which the funds have been designated.

**Information on our Designated Funds is detailed in Appendix 1 at the end of this policy – Currently NONE.**

## 2. The reasons why we need reserves

All registered charities, regardless of their charitable status or annual income, are required either: (i) to have a Reserves Policy, explaining what financial resources they are holding and why, or (ii) to explain explicitly why they don't feel that they need to have a Reserves Policy.

The CVH Trustees will consider the following when planning level of reserves:

### **Unrestricted reserves for 'capital' expenditure/continued operation**

The Trustees agree to maintain a level of provision with the COIF account to ensure the cover of any unexpected large 'capital' expenditure eg replacing the hall roof and to be in a position to continue operating for a financial year should the hall be closed and not receiving any income.

This level was agreed as £100,000

### **Unrestricted Reserves for infrequent maintenance costs**

In order to maintain the facility in good condition for the benefit of all hall users it will be necessary to undertake major maintenance and hall improvements on a regular but infrequent basis. Such expenses are normal operating expenses and will be undertaken using the operating surplus held in the hall's bank account. Grants will be applied for through appropriate funding programmes wherever possible.

The bank balance was agreed as a minimum of six months running costs approx. £50,000

Infrequent Maintenance/Refurbishment include, but not restricted to:

Internal and external redecoration

Floor refurbishment

Electrical certification including emergency lights certification

Repairs and updates/enhancement to the hall's facilities

Deep cleaning

### **Unrestricted 'Free' Reserves to absorb running costs/projects**

The residual reserve is purely for the Trustees use and to cover regular operating costs, manage cash flow, cover emergencies such as boiler/heating breakdown, pay for new purchases/acquisitions or to set aside for a particular project.

Resources are vital to support the hall's ability to operate and to the long-term viability of the hall and to its ability to achieve its aims and objectives. They are also vital to enable the hall to meet its legal and contractual liabilities should the organisation be unable to operate.

CVH Trustees consider it essential to hold some funds in reserve to ensure the hall can continue to operate and provide the service to the hirers who depend on it being open.

CVH Trustees believe that the hall's policy is appropriate for the hall's aims, needs and objectives, and the risks it faces. CVH Trustees understand and formally agree the principles behind the Reserves, setting out appropriate levels of reserves based upon risk assessment, which is based on factors which impact upon the hall.

### **3. What level of reserves we need**

#### **Unrestricted reserves**

The Trustees agree to hold 6 months of running costs in the bank account.

This figure equates to approx £50,000

#### **Restricted reserves**

CVH currently has no Restricted reserves

### **4. The purpose of restricted reserves, and the likely timing of that expenditure**

CVH currently has no Restricted reserves

Short term-less than 12 months/Medium term-1 to 5 years/Long term-over 5 years

### **5. Steps Trustees will take to maintain reserves at the agreed level**

Trustees will review hire charges annually.

Trustees will review level of occupancy on a regular basis

### **6. Arrangements for monitoring and reviewing this policy**

The needs of the hall will change from year to year, and unexpected requirements for expenditure may alter financial plans and require review at Trustee meetings.

This policy will be reviewed annually.

## **APPENDIX A**

### **Designated funds / Restricted Reserves details**

| <b>Type</b> | <b>Short/Med/<br/>Long term</b> | <b>Item for<br/>expenditure:</b> | <b>Justification for holding<br/>reserve (how do you know<br/>it's needed)</b> | <b>Level of<br/>need:</b> | <b>Cost</b> |
|-------------|---------------------------------|----------------------------------|--|---------------------------|-------------|
|             |                                 |                                  |  |                           |             |

Adopted: April 2026

Approved: April 2026

Review date: April 2027