



<b>Aspire 2 Policy</b>	Reserves Policy
<b>Approved By</b>	Charlie Clare, Chair of Trustees
<b>Approval Date</b>	11th September 2023
<b>Reviewed Every</b>	2 Years
<b>Review Date</b>	11th September 2025

## Reserves Policy

### 1 Introduction

1.1 Aspire2 needs cash reserves to:

- Meet contractual liabilities should the organisation have to close. This includes redundancy pay, amounts due to creditors and commitments under leases.
- Meet unexpected costs like breakdown and repair of minibus, staff cover re illness, maternity leave, parental leave, and legal costs defending the charity's interest.
- Replace equipment as it wears out.
- Ensure that the charity can continue to provide a stable and quality service.
- Provide working capital when funding is paid in arrears.

1.2 From time-to-time funding has certain restrictions which mean that by law it must be held in a restricted reserve until it is spent in line with the funding agreement.

1.3 Large or excessive reserves may be interpreted as 'hoarding'; this policy should identify the necessary level of reserves for the organisation, to justify the amount held in reserve.

### 2 Funding

2.1 Aspire2 is dependent on a range of funding streams but has no long term secure funding. It is currently largely dependent on one major funder in the medium term (and not guaranteed to continue) for salary costs and on a number of donations and grants for projects some of which are restricted to specific projects.

2.2 Aspire2 plans its fundraising well in advance having a 12 month view of the cash flow.

2.3 As far as possible Trustees should try to anticipate future costs such as sick leave / maternity leave, etc. and plan for ways to meet these costs. This will help to ensure that the reserves fund is not depleted unnecessarily, but left to honour leases and unforeseen and emergency expenditure. Absence of the Aspire2 development manager has historically been covered by Trustees.



### 3 Level of reserves

- 3.1 In the context of this policy and for reporting purposes, 'Reserves' are resources that Aspire2 has or can make available to spend for any or all of the charity's purpose, once it has met its commitments and covered planned expenditure.
- 3.2 Reserves therefore exclude:
- Permanent endowment
  - Expendable endowment
  - Restricted funds
  - Any part of unrestricted funds not readily available for spending.
- 3.3 Aspire2 Aims to have reserves sufficient to cover three month running costs.
- 3.4 As a minimum level of reserves, Aspire2 will have sufficient funds to cover the costs of winding up the organisation.
- 3.5 Were Aspire2 to close there would be a cost in winding up the organisation. These are shown below.

Redundancy costs	
Staff	£695 currently
Notice period to staff	
Staff (notice period)	£6028 (3mths)
Staff cover of absence- (Historically covered by Trustees)	£0
Minibus Leases	£11,556 per annum to 22/10/06
Minibus insurance	£2,500 per annum for 3 years
Other running costs (for maximum staff notice period)	£100
Creditors as per Balance Sheet	£2,000
Governance Costs	£1200 per annum
Office Equipment breakdown ( lap top)	£500

All planned events are budgeted for so would not draw on reserves. Calls on contingency would be as above and could typically arise from the loss of a regular funder or unexpected reduction in Aspire2's success in the making of grant application.



## **Establishing and maintaining reserves**

- 4.1 In the event of reserves dropping below the minimum threshold level, Aspire2 will aim to restore the reserves to the minimum reserves level within a year. This could be achieved by increased fund raising or reducing expenditure.

## **5 Monitoring and reviewing**

- 5.1 The Trustees will consider current costs of closure and examine the level of reserves each year when setting the following year's budget.
- 5.2 This reserves policy will be reviewed every year.