

HWR and RV Reserves Policy

Effective Date: April 2018

Review Date: April 2023*

* This policy may be revised sooner if there is a change in working premises, conditions or laws directly affecting this policy.

Reserves Policy

Introduction

This policy is written in the light of the Charity Commissioners' guidance "Charities and Reserves" (CC19, March 2010) which states: "All charities need to develop a policy on reserves which establishes a level of reserves that is right for the charity and clearly explains to its stakeholders why holding these reserves is necessary." (CC19 page 7). "Reserves are that part of a charity's unrestricted funds that is freely available to spend on any of the charity's purposes. This definition excludes restricted income funds and endowment funds, although holding such funds may influence a charity's reserves policy. Reserves will also normally exclude tangible fixed assets held for the charity's use and amounts designated for essential future spending." (CC19 page 6).

Why Healthwatch Reading and Reading Voice Need Reserves

Healthwatch Reading and Reading Voice receive core funding from two main grants both of which are received from Reading Borough Council (RBC). The level of this grant is decided by RBC based on what they deem will support the organisation to meet local need and is financially viable for RBC.

Over the last 3 years RBC have had to make large savings in their spending. Therefore, to fulfil our duties as a responsible charity, to maintain stability in a challenging financial climate and in the light of ongoing reductions in our grants from RBC Healthwatch Reading and Reading Voice need to maintain a reserves fund. The amount agreed by the trustees is £193,703. This includes:

Winding up the charity: Healthwatch Reading and Reading Voice have decided that in the event of the organisation having to be wound up, it would need to have nine month's running costs (£173,703) in reserves to allow for a proper running down.

This total is made as follows:

Salary Bill.....	£138,003.00 (includes salary, NI and pension liabilities)
Rent Liability.....	£9,499.50
Running Costs.....	£16,200.00
Contingency.....	£10,000.00

Redundancy: Healthwatch Reading and Reading Voice have calculated that they would need to keep a sum of £20,000 to cover redundancy.

Establishing and Maintaining Reserves at the Agreed Level

Healthwatch Reading and Reading Voice as of 1st April 2018 have achieved the level of reserves required through prudent financial management, expansion of local services and successful bids for work. We will endeavour to maintain this level through continuing to develop to deliver a suite of services, partnership work and overall expansion of our organisation.