

## The Reef

### Reserves Policy – Adopted 28<sup>th</sup> May 2024

#### 1. Key Principles

- 1.1 This Reserves Policy for The Reef is based on the guidance provided by the Charity Commission [CC19 “Charity reserves: building resilience”](#). In outline this requires that trustees develop and publish a reserves policy that:
- Justifies and explains any reserves held;
  - Identifies and plans for the maintenance of essential services;
  - Reflects the risks of unplanned closure;
  - Helps to address the risks of unplanned closure on their beneficiaries.
- 1.2 There are two types of reserves:
- **Unrestricted reserves**, funds which are held to offset risks, and are freely available to spend on any of the charity’s purposes.
  - **Restricted reserves**, funds which are raised or held for *specific* future purposes.
- 1.3 Additionally some of the unrestricted funds may be **Designated funds**, these are funds which are earmarked for a particular project or use, without restricting or committing the funds legally. The designation may be cancelled by the trustees if they decide not to proceed with the use or project for which the funds were designated.

#### 2. Restricted Reserves

- 2.1 We currently have no restricted reserves.

#### 3. Designated Funds

- 3.1 In 2018 The Reef received a s.106 payment from Bloor Homes for **£30,000**. This payment is not legally restricted and can be used for any purpose we wish, however the Trustees have agreed to designate this major grant to fund improvements to the fabric of the building.
- 3.2 The trustees have agreed to designate **£20,000** for maintenance to the building and contents. Since being appointed in March 2023, the trustees have identified a number of significant maintenance expenses that are likely to be required in the short term, to ensure the building continues to operate effectively as a youth and community centre. It’s likely the cost will significantly exceed the £10,000 already allocated in the operating budget. These maintenance items include:
- Externally significant repairs to the rendering;
  - Repairs and painting for the soffits and window frames;
  - Replacing the Reef signage on the front of the building;
  - Replacing most of the soft furnishings in the upstairs room;

#### 4. Unrestricted Reserves

- 4.1 Charity commission guidelines suggest that 3 - 6 months of running costs should typically be held in a 'free use' unrestricted reserve fund. These resources are vital to allow the charity to continue to operate when facing unforeseen issues.
- 4.2 Given our recent experiences under Covid-19, where The Reef was effectively closed to hirers for c. 18 months, the trustees consider it to be more prudent to currently hold c.18 months of running costs as an unrestricted reserve, and to aim to reduce this over time.
- 4.3 In a worst case scenario where the venue remains closed to hirers for any protracted period our base operating cost is likely to be c. £25,000 p.a.
- 4.4 Our total reserves at the end of the current financial year are forecast to be £87,680.
- 4.5 Deducting the designated funds, our **Total Unrestricted Reserves = £37,680**, which equates to the desired 18 months of running costs.

#### Version History

Date	Summary of Changes
6/7/23	New Policy
28/5/24	Updated to reflect our latest financial position,

This Policy will be reviewed annually.