

Longparish Village Hall

Charity No. 301877
RESERVES POLICY

This document sets out the Longparish Village Hall's Reserves Policy. It was last reviewed in April 2021.

Background

One of the key legal obligations on all charities is to spend income received on charitable objects within a reasonable period of time unless there is a good reason not to. This means the Committee needs to be clear about why it considers it necessary to hold funds in reserve.

Reserves are that part of a charity's unrestricted funds that is freely available to spend on any of the charity's purposes.

Our charity exists to provide a village hall for the inhabitants of Longparish and the neighbourhood without distinction of sex or of political, religious or other opinions and, in particular, for meetings, lectures and classes and for other forms of recreation and leisure-time occupation with the object of improving the conditions of life of the said inhabitants.

To do this we need to maintain and run the facilities. This requires us

- to maintain the facilities for the long term, and
- to service them day-to-day.

The commitment is therefore both long-term (building maintenance and refurbishment) and short-term (e.g. electricity and water, insurance and cleaning), whilst income is almost exclusively short-term and potentially volatile.

Principles & Definitions

Reserve levels need to be managed in response to identified needs and circumstances.

Reserves should not be held without a positive justification.

The needs of present and future beneficiaries should be balanced.

The size of the reserves should be appropriate to the purposes for which the reserves are maintained, including the management of uncertainty.

Unrestricted reserves are income or income funds which can be spent at the discretion of the Committee in furtherance of the charity's objects.

Unrestricted reserves exclude tangible fixed assets held for the charity's use (i.e. the Village Hall fixtures and equipment).

Part of the unrestricted reserves may be earmarked for a particular purpose, but the designation has an administrative purpose only, and does not legally restrict the Committee's discretion to spend the fund.

Once funds are earmarked for known essential projects which cannot be met from future income and for which there is a date by which they are likely to be spent, they may be excluded from unrestricted reserves.

Reserves Policy

We have adopted the following policies which will be reviewed at our AGM which is held in April each year. Interim reviews will be made if we consider that to be necessary.

Day to day expenditure

In normal circumstances we consider it prudent that our reserves for day to day expenditure should not fall below £5,000 which is around six months expenditure. But 2021/22 is exceptional because of COVID-19 so we have increased the reserve to £10,000 which is about a year's expenditure.

Improvements

We plan to install CCTV in the grass car park opposite the hall. We have therefore reserved £5,000 towards the cost and other improvements.

Long term Repairs and Maintenance

Our lease (dated September 2013) requires the hall to be decorated outside every five years and inside every ten years. We are also required to keep the hall in good repair and are aware that the flat roofs will require significant maintenance in the medium to long term future.

Apart from the sums referred to above, all our reserves (£38,240.12) are available towards this project.

Review

This policy will next be reviewed as necessary but at least annually at the AGM.