Presteigne Memorial Hall Reserves Policy

**Reserves Policy of Presteigne Memorial Hall**

The trustees responsible for Equal Opportunities is Sam Haden and Jack Reynolds

**1. Statement**

This Reserves Policy for Presteigne Memorial Hall was agreed and initially adopted by the Memorial Hall Council at their meeting of November 2024. The Treasurer is responsible for keeping the policy up to date and reporting changes to the Memorial Hall Committee on an annual basis.

This policy will remain in place for a period of one year, and may be amended by a vote of the Memorial Hall Board of Trustees.

Income reserves are described by the 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

1. **Unrestricted reserves,** which are held to offset risks, and

1. **Restricted reserves**, which are raised or held for *specific* future purposes;

Information on currently assigned Restricted Reserves is detailed in Appendix 1 at the end of this policy, and maintained by the Treasurer.

# **This policy will use the following terms and definitions:**

**Designated funds –** Designation is an administrative act by which we may earmark some of our *unrestricted* funds for a particular project or use, without restricting or committing funds legally. The designation may be cancelled by us (the trustees) if we later decide not to proceed or continue with the use or project for which the funds were designated.

We will follow the recommendation in the Charity Commission guidance RS3 which states this Reserves Policy 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 2 at the end of this policy, and is maintained by the Treasurer.

**2. Unrestricted Reserve Policy**

We are required to meet the Charity Commission’s “Charities’ Reserves” Policy, CC19 and “Statement of Accounting Practice – Accounting and Reporting By Charities (SORP 2000)”, which require us to establish a Reserves Policy which needs to be included in the “Trustees Report and Annual Accounts” for each year end.

This document establishes the reserves policy for the Presteigne Memorial Hall.

When deciding this policy, the committee has considered the possibility of the hall being unable to operate and generate an income either through external crisis, for example pandemic, and the possibility of structural or equipment failures, which may result in significant expense.

 To ensure the ongoing operation of the hall and provide resilience in case of such adversity, Presteigne Memorial Hall will hold a minimum of £5,550 as a basic contingency reserve to enable normal operating costs to be covered for up to one year, assuming no income is generated during this time. This figure has been derived from the operating costs of the hall for the year 2023-2024 when it was closed, and utilities were used minimally.

 Additionally, to ensure that the Memorial Hall is able to remain open even in the case of a significant structural or equipment failure, a sum of £10,000 will be held in reserve.

 The total figure held as Reserves for contingencies and significant repairs and renewals for 2024 is therefore £15,500.

 If funds are spent resulting in the level of Reserves falling below the amount set in this policy, surplus from operations and fundraising must be applied to restoring the Reserves to the set amount to meet future contingencies.

 The requirements for and level of Reserves held will be monitored by the management committee to ensure they meet Presteigne Memorial Hall’s changing needs and circumstances. This policy and its operation will be published on the Presteigne Memorial Hall website and reported annually in the Presteigne Memorial Hall Report and Accounts.

**3. What level (or range) of reserves we need**

1. **Unrestricted reserves**

The unrestricted reserve is intended to ensure stability and resilience for Hall operations. As such, we are initially ensuring that 12 months of running costs are to be held in our ‘free use’ unrestricted reserves, lowering this to 6 months after one year of operation.

This figure equates to approximately £6000.

1. **Restricted reserves**

The Hall’s restricted reserves are able to be used to further the short, medium, and long term goals of the charity. As the Hall is reopening after an extended period of closure, with an uncertain level of future income, it is important that a reserve exists which can ensure resilience.

This figure currently equates to **£10000** and will be reviewed in 2025

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

Our requirements for expenditure are listed and prioritised in the tables at the end of this policy, together with an indication of the likely need for immediate, short term, medium term, or long term expenditure.

* Short term = less than 12 months
* Medium term = 1 to 5 years
* Long term = over 5 years

**5. 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 our financial plans.

This policy will be reviewed annually at the November meeting of the board of Trustees.

#### **APPENDIX A**

### **Designated funds / Restricted Reserves\* details as of 10/12/2024**

|  **Type**  |  **Short/Medium/Long term**  | **Item for expenditure** | **Justification for holding reserve (how do you know it’s needed)**  | **Level of need:**    |  **Cost**  |
| --- | --- | --- | --- | --- | --- |
|     |     |     |     |     |     |

**\* Definitions:**

### **Designated funds**: those funds within our unrestricted reserves we have ‘earmarked’ for specific projects or use, but not committed legally and allowing a future change of use/reallocation (and not for any project more than 5 years ahead)

**Restricted reserves**: those funds legally committed to specific future projects and only to be used for that purpose