**Draft Fen Drayton Village Hall Reserves Policy**

A formal policy on reserves was agreed at the meeting of the Fen Drayton Village Hall Management Committee.

It states:

The Trustees have set a reserves policy which requires reserves be maintained at a level which ensures that Fen Drayton Village Hall’s core activity could continue during a period of unforeseen difficulty.

A proportion of reserves be maintained in a readily realisable form.

The calculation of the required level of reserves is an integral part of the organisation’s planning, budget and forecast cycle.

It takes into account:

• Risks associated with each stream of income and expenditure being different from that budgeted

• Planned activity level

• Organisation’s commitments

1. **Introduction**

Fen Drayton Village Hall needs reserves to

* Meet contractual liabilities should the organisation have to close. This includes redundancy pay, amounts due to creditors and commitments under the lease.
* To meet unexpected costs such as emergency repairs and legal costs defending the charities interest.
* Ensure that the charity can continue and provide a community facility as set out in the charity’s aims and objectives.
* From time to time funding has certain restrictions which means that, by law, it must be held in a restricted reserve until it is spent in line with the funding agreement.

1. **Income**

* Fen Drayton Village Hall’s income is from hiring the hall and fundraising
* Fen Drayton Village Hall plans its fundraising having a yearly view of the cash flow.

1. **Analysis of regular income**

|  |  |  |  |
| --- | --- | --- | --- |
| **Hirer** | **Amount £** | **Per** | **Risk of losing hire** |
| Tang Soo Doo | £60 - Not running at present | Month | high |
| Parish Council | £214 - Not meeting in person at present | Year | low |
| Youth Club | £350 - Not running at present | Year | high |
| Toddler Group | £48, for December – pending on guidance re tier 2 | month | low |
| Ballroom Dancing | 1994 | Year | low |
| Bowls Club | Not running at present | Year | high |
| Tai Chi | £192 – not running at present | month | low |
| Guitar practice | £48 – not running at moment | month | low |
| Slimming World | From January, will be variable depending on numbers - £12 an hour | month | medium |
| Community Cafe | £30 - Not running at present | month | low |

1. **Target Level of reserves**

Fen Drayton Village Hall aims to have reserves of 100% of current expenditure, this would be £18000 at present

1. **Current reserves level**

The reserves of the Fen Drayton Village Hall in the current year are £12,700.90

1. **Establishing and maintaining a prudent level of reserves**

In the event of the reserves dipping below the target we will aim to restore the reserves to 100% of expenditure over the next 5 years. This could be achieved by increasing fundraising, increasing earned income or reducing expenditure.

1. **Monitoring and reviewing of reserves policy.**

The Trustees will consider current costs and examine the level of reserves each year when setting the following year’s budget. It should be noted that the village hall was able to apply for the £10,000 RHL Grant made available by central government administered by SCDC early in lockdown 1. Another grant has been announced and will applied for to support businesses in lockdown 2 – amounting to approximately £2,000.

This reserves policy will be reviewed at the next AGM

Date approved: 3/12/2020

Next review date: AGM 2021

Signed: Susan Gyles

Chair