

Upton Village Hall Reserves Policy

This policy defines what is meant by reserves. It sets out the reasons why the trustees of the Upton Village Hall wish to maintain reserves at a particular level and determines what this level should be. It documents the steps that are taken to establish and maintain the reserves at the agreed level and finally the arrangements for monitoring and reviewing the policy.

Definition

Reserves are defined as that part of the income of Upton Village Hall that is freely available to spend in furtherance of the charity's purposes, after it has met all its ongoing operational and maintenance commitments and covered all planned (designated) project expenditure.

This definition therefore excludes any permanent endowment or restricted fund of which we may at some time in the future be the beneficiaries.

The Minimum Level of Reserves

The trustees have established an agreed level of reserves that we wish to maintain. This is based on an assessment of:

1. the risk of incurring significant unforeseen expenditure that cannot be delayed, and the likely magnitude of such expenditure, and
2. the risk of suffering significant unforeseen loss of income which cannot be replaced in the short term, and again the likely magnitude of such a loss.

The agreed level of reserves is designed to ensure that enough short term funds would be available in the event of one or more of these outcomes, such that the ongoing operations of the Hall and designated project expenditure would not be affected in all but extreme circumstances.

The risk and magnitude of unforeseen expenditure is clearly affected by our knowledge of the state of the building, which following major refurbishment is generally in first class condition. However, there are significant areas that have not been recently surveyed and could potentially require unexpected repair. These include the roof, the main hall floor and the toilet drains.

With almost 30 regular user groups our income is quite robust and predictable and not, for instance, overly dependent on one or two large users. However, the unexpected loss of a few of the larger users would result in a loss of income that could be difficult to replace in the short term.

Taking these factors into account, the current minimum level of reserves that we wish to maintain is £25,000 comprising:

Unforeseen major repairs	£20,000
Loss of income from 2 or 3 large user groups	£5,000

Maintaining the Agreed Level

The trustees maintain a 10 year financial plan that is reviewed and updated periodically. This plan is built up from forecasted income and ongoing expenses and known improvement projects that the trustees have prioritised. The plan provides a forecast of total free balances, ie. total balances less designated project expenditure, that is compared directly with the minimum reserve level. To the extent that there is discretion when projects can be carried out, they can be advanced or delayed in order that the total free balances can be maintained on or about the minimum reserves level.

The hire of the facilities at Upton Village Hall generates a healthy annual surplus that is designated for project expenditure. As costs increase with inflation, then hire charges can be increased periodically to maintain the required operational surplus. Since our hire charges are significantly cheaper than other local halls, there is unlikely to be a problem increasing our rates if and when we need to.

Reviewing the Policy

The trustees will review this policy, and in particular the minimum level of reserves, periodically whenever project priorities are reassessed and the 10 year plan is updated. In any event the period between such reviews will be no longer than 2 years. Factors that will commonly be assessed will be cost inflation, the increased risk of significant unexpected repairs as the building ages and the forecasts of future income in the light of potential increased competition from other local venues.