

# Reserves Policy



**Approved by:**

Trustee Board

**Date:** 1st July 2024

**Last reviewed on:**

1st July 2024

**Next review due by:**

1<sup>st</sup> July 2025

### Reasons for Reserves

The Trustee Board of Releasing Potential have identified the following reasons for holding free cash reserves.

- To meet contractual obligations including building lease and employment contracts
- The uncertain economic climate with particular reference to the availability of fundraising income
- The uncertain political climate with particular reference to potential cuts in local authority expenditure

### Level of Reserves

The Trustee Board have established a policy whereby the unrestricted funds not committed or invested in tangible fixed assets ('the free reserves') held by the charity should be sufficient to enable the charity to continue operating in the short term in the event of a significant drop in funding. The Trustee board consider that 4 months would be an appropriate period. Based on the year to 31<sup>st</sup> August 2024 expenditure, this would equate to £631k .

As at 31<sup>st</sup> August 2023, reserves comprise:

	£'000	
Restricted funds for projects	1	To be spent over next 12 months
Funds invested in fixed assets	488	Including subsidiary companies
Free reserves	399	
<b>Total</b>	<b>888</b>	

### Steps taken to establish/maintain Reserves

Releasing Potential has been working on building up its level of reserves to reach the required level. As a result of this budgets have been set to allow the charity to be in a position to increase the reserves each year. Once the desired level of cash reserves has been reached the budget will be set to allow for the maintenance but not increase of the reserves.

### Monitoring and Reviewing Policy

This policy will be reviewed annually as part of the budget setting process for the new financial year where the predicted level of reserves required for the following year will be determined.