

## **Bilbrough Village Hall – Reserve Policy**

### **Introduction**

The trustees consider the level of reserves held are an important part of the financial management and forward financial planning of the Village Hall charity. The Hall broadly “breaks even” over a financial year leaving it exposed to the risk of significant necessary additional expenditure and the potential loss of hire income.

The Hall has also received generous COVID-19 grants from the local council in the past and this prompted the development of a Reserves Policy.

### **Policy**

The policy is to “build resilience” while recognising that:

- higher than expected reserves may tie up money unnecessarily and risk the charity’s reputation by holding substantial unspent funds at the year-end without explanation,
- too lower a level may increase the risk to the Village Hall of being unable to carry on its activities.

Consideration is therefore given to:

- The risk of unforeseen emergencies and day-to-day operational costs,
- Grant funding sourcing being unavailable in the future,
- Planned commitments or proposed schemes that cannot be met by future income alone,
- The need to fund short-term deficits in a cash budget before any funding grant is received,
- Loss of revenues from hire income which is dependent on a narrow user base,
- Lack of income from the fund-raising events,
- An increase in village housing stock, population mix and growth.

The Village Hall therefore seeks to maintain unrestricted reserves capable of covering:

- Required working capital to cover day-to-day expenditures and cope with lost short-term revenues,
- Medium-term liquidity in the event of losing a major hirer,
- Maintenance and repair of the Village Hall to maintain the fabric in good condition and meet the needs of the community.

### **Quantum of Reserve**

With the above points in mind the trustees consider that ideally a reserve should be held that covers the higher of:

- £25,000 to cover an unexpected, one-off material investment in infrastructure of the Hall,
- Sustained loss for up to 5 years of hire income totalling some £9,000 p.a. say - i.e. £45,000.

So a suitable reserve is calculated to be up to £45,000.

### **Current funds**

As 31<sup>st</sup> December 2023 the Hall has a total of c£45,221.78 at its disposal. Approximately £1,350 is earmarked for the completion of the change of charitable status to CIO and the Trustees are considering a commissioning a significant kitchen upgrade which would be met from the reserves.

### **Annual Review**

It is recommended that the reserves policy is reviewed annually at the AGM.

Brian Bussell  
Treasurer  
3/3/24