

Reserves Policy

“Charity law requires any income received by a charity to be spent within a reasonable period of receipt. Trustees should be able to justify the holding of income as reserves.”

Statement of Intent:

Little Sunbeams Pre-school committee, as trustees of the charity are committed to fulfil their responsibilities to the Charity Commission, and as employers and childcare service providers we (The Management) aim to ensure our responsibilities to our staff and families are fulfilled and as such identify the need to hold reserves in case of emergencies and to fulfil our legal responsibilities as employers and to ensure the charity is effective.

Procedures:

1. We have identified using advice and guidance from Services for Young Children (SfYC) that three months contingency should be sufficient for emergencies.
2. Contingency will include all running cost, memberships and unforeseen operational costs.
3. Redundancy packages in line with minimum requirements will be calculated using advice from ACAS, LAWCALL and Government websites, once calculated these amounts where possible will be held in a reserve account with the contingency.
4. Where there is a short fall, the committee will endeavour to build such reserves, but only after their charitable responsibilities have been met, so as not to fail to meet the aims of the charity.
5. All reserves shall be reviewed either yearly or when major changes happen which could impact on the reserves amount to ensure it continues to meet the changing needs and circumstances, for example, employing temporary staff to cover long term sick absence or rent increases.
6. Any large projects where fundraising will need to be prolonged and money saved over a period of time will be identified and held in the reserve account.
7. Short term deficits in the cash flow budget, for example, money required before funding is received.
8. The reserves policy will be set out in the trustees’ annual report.

Version	Changes made	Author	Date
1.0	Baseline version	Lyn D	31 st Dec 2015
1.0	Reviewed, no changes made	Lyn D	26 th Jan 2017
1.0	Reviewed, no changes made	Lyn D	3rdMay 2018
1.0	Reviewed, no changes made	Lyn D	28 th Jan 2020
1.0	Reviewed, no changes made	Phil C	15 th June 2021