Reserves Policy

Introduction

The purpose of this policy is to ensure the financial stability and sustainability of the Village Hall by maintaining appropriate financial reserves.

The Village Hall Committee, acting as charity trustees, recognises its responsibility to manage the charity's finances prudently and to ensure that sufficient funds are available to support the continued operation and maintenance of the hall.

This policy outlines the rationale for holding reserves, the level of reserves considered appropriate, and how reserves will be managed and reviewed.

Purpose of Reserves

Reserves are maintained in order to:

- Ensure the continued operation of the Village Hall in the event of unexpected financial challenges.
- Provide working capital to manage fluctuations in income from hall hire and events.
- Fund planned maintenance, repairs, and improvements to the building and facilities.
- Provide security against unforeseen circumstances such as emergency repairs or temporary closure of the hall.
- Allow the Committee sufficient time to respond to financial difficulties without immediate disruption to the charity's activities.

As the Village Hall is a community building, maintaining adequate reserves is particularly important to ensure that essential repairs and operational costs can be met.

Reserve Levels

The Village Hall Committee aims to maintain reserves equivalent to approximately 12 months of normal operating expenditure.

Based on the Village Hall's current expenditure, this equates to a target reserve of approximately £13,500, representing 12 months of normal running costs excluding one-off project expenditure.

The Committee considers this level appropriate due to the potential financial risks associated with operating and maintaining a community building, including:

- Unexpected building repairs or equipment replacement
- Fluctuations or reductions in hire income
- Temporary closure of the hall
- Unexpected increases in operating costs

This reserve level provides financial resilience while allowing the charity to continue investing in the upkeep and improvement of the hall.

The target level of reserves will be reviewed annually and may be adjusted if financial circumstances, operating costs, or future commitments change.

Categories of Reserves

Reserves held by the Village Hall may be allocated into the following categories:

General Reserves

Funds held to support the day-to-day operation of the Village Hall and provide financial stability.

Designated Reserves

Funds set aside by the Committee for specific future purposes, such as major maintenance works, equipment replacement, or building improvements.

Emergency Reserves

Funds retained to deal with unforeseen events such as urgent structural repairs or a sudden loss of income.

At present the charity does not hold any restricted funds and all reserves are considered unrestricted funds managed by the Committee.

Use of Reserves

Reserves should only be used for purposes consistent with the objectives of the charity and in accordance with this policy.

Any use of reserves must be approved by the Village Hall Committee.

Where emergency reserves are used, the Committee will consider how the reserves can be replenished over time through future surpluses, fundraising, or other income.

Monitoring and Review

The Village Hall Committee will review the level of reserves at least annually, normally as part of the budgeting and financial planning process.

The Committee may also review the policy if there are significant changes in:

- Operating costs
- Income levels
- Planned capital projects
- Financial risks affecting the charity

Reporting

The Village Hall's reserves position and this reserves policy will be reported in the charity's annual financial statements and Trustees' Annual Report, in accordance with Charity Commission guidance.

Policy Review

This policy will be reviewed every year, or sooner if financial circumstances require.

Policy approved by the committee at the meeting on _____.

Signed:		
Name:	Andy Browne	PAUL JOHNSON
Position:	Chair	VICE CHAIRMAN
Date:	21/5/2026	21/5/2026.

Date of next review: _____