

Bexley United Charities

Reserves Policy

1 Introduction

- 1.1. The trustees of Bexley United Charities (the Charities) take the view that reserves are essential to maintain the ongoing viability of the Charities.
- 1.2 The Charities will consider whether it is appropriate to set aside designated reserves including transfers to Extraordinary Repair Fund (ERF) and General Reserve funds each year. These are designated funds and not regarded as free reserves (see below for further details).
- 1.3 Restricted funds are in addition to designated reserves as described above. The nature and amount of any such restricted funds may impact upon the Reserves Policy. The starting point for calculating designated reserves will normally be the unrestricted funds, however part of these may not be readily available or realisable for spending and may not be available for transfer to designated reserves. This may include certain tangible fixed assets and any programme related investments.
- 1.4 The level of reserves will be kept under review by the trustees.

2 Extraordinary Repair Fund (ERF)

This designated fund will be used for major expenditure, including refurbishment projects, and transfers will be made from the Income and Expenditure Account as appropriate. Consideration will also be made to invest this fund in long-term investment funds and medium-term cash-based investments, however the timing of when major items of expenditure will occur will also be reviewed.

3 General Reserve Fund

- 3.1 The Charities recognise the need to have sufficient funds in reserve readily available or investments convertible into cash to cover day to day expenditure, especially in the event that there is a reduction in WMC income following the departure of residents pending new residents being appointed.

In order to mitigate this risk, the trustees have calculated that free reserves of £60k would be needed to allow the Charities to operate for at least 12 months without income from WMC.

- 3.2 The Charities recognises the need for investment income to meet the regular excess of costs over weekly maintenance contribution (WMC income) and has resolved to maintain reserves amounting to £250k to generate such income.

4 Review date: February 2026

This policy has been approved for issue by the board of trustees of Bexley United Charities.