

Pioneering Care Partnership (PCP) Reserves Policy



Aim

PCP's reserves Policy ensures that Trustees, and senior staff, act in the interests of the charity and its beneficiaries. This Policy protects and safeguards organisational assets, assists Trustees to act with reasonable care and skill, and ensures that PCP is financially accountable.

This Policy aims to aid PCP's strategic planning, budgeting and risk management processes. PCP reserves provide a cushion for planned or unplanned future needs safeguarding the organisation from unexpected events, losses of income and large unbudgeted expenses. The Reserves Policy also aims to assist with the management of cash flow, provide working capital for day-to-day operations and aid decision making when considering investing in new ways of working.

Scope

This Policy should be understood and adopted by all PCP Trustees.

The financial scope includes all PCP reserves which are unrestricted funds i.e. that are freely available to spend on any of the charity's purposes.

The Policy should enable reserves to be held at a level sufficient to:

- Use in an unforeseen emergency or other unexpected need for funds;
- Cover unforeseen day-to-day operational costs, e.g. employing temporary staff to cover a long-term sick absence;
- to give the trustees time to take action if income falls below expectations due to contracts ending;
- finding 'seed-funding' for an urgent project.

This policy is to be applied consistently and in line with PCP core values.

Acceptable Reserves Level

The Charity Commission does not prescribe a 'correct' level of reserves. It recognises that each organisation's position is different and it is impossible to set a formula for reserves levels that will suit all organisations at all stages of their development. The reserves policy has to be seen in the wider financial position of the organisation which is subject to change.

Trustees must exercise proper governance in the creation of reasonable reserves to meet organisation liabilities, this includes consideration of the calculation. Through this policy Trustees ensure the prudent management of charitable funds, in-line with best practice and this policy should always be read in conjunction with the Reserves Procedure.

Exclusions

Restricted funds fall outside the definition of reserves and are therefore discounted when assessing PCP's reserves position.

Tangible fixed assets such as land, buildings and other assets held for the charity's use are considered to be restricted.

Definitions

Reserves are amount that is readily available for spending, but retained in the charity or business as a precaution to safeguard against unplanned events or to use for a specific purpose.

Restricted funds is income that can only be used for particular purposes of a charity that are narrower than the overall charitable purposes of PCP. (E.g. Grant Income)

Designated funds are unrestricted funds that have been earmarked for a particular purpose by the trustees. The notes to the accounts should explain the purpose of designated funds.

Tangible fixed assets are assets that have a physical form. Tangible assets include both fixed assets, such as machinery, buildings and land, and current assets.

Current Assets includes cash and other assets that are expected to be converted to cash within a year.

Responsibilities

Trustees are responsible for considering the purpose of restricted and non-restricted funds and how they are being used in order to identify those resources that are freely available to spend. Trustees are responsible for approving and reviewing this Policy as part of the review cycle.

The Chief Executive is responsible for ensuring that Trustees are equipped to assess the reserves position and operate in line with this Policy and for ensuring that this Policy and associated procedures remain compliant with legislation (with the support of the Company auditors)

Senior Managers are responsible for ensuring that the Policy is reviewed in line with the review cycle and they understand the principles of PCP's reserve policy and calculation.

Related Policies and Procedures

PCP is also committed to the continued development and implementation of a range of measures and procedures to protect and support staff whilst engaging in organisational activities. This Policy should be read in conjunction with the following related policies, procedures or guidance:

- PCP Core Values Statement
- Reserves Calculation Procedure
- Financial Controls
- Bid Writing and Funding Procedure
- Fundraising Strategy

Relevant Legislation

This Policy is in line with the following guidance:

- The Charity Commission - Charity reserves: building resilience (CC19)
- Companies House - Disclosing Information Guidance, July 2017

Monitoring and Review

This Policy will be reviewed by the Finance and Investment Sub Committee on a regular basis to ensure that it remains compliant. A full formal review will also take place every 3 years by Senior Management Team as part of the Policy Review Cycle, and approved by the Board of Trustees.

The Policy Impact Assessment will be monitored and reviewed every 3 years by HR as part of the Policy Review cycle.

Policy document tracking

Action	Date(s)
Draft to SMT: Draft to Finance & Investment Sub Committee	8 th August 2017 (draft 1) 16 th August 2017 (draft 2) 18 th August 2017 (draft 3)
Draft to Board:	21 st August 2017 (draft 3)
Ratified by Board:	21 st August 2017
Approved Policy circulated to SMT:	19 th October 2017
Approved Policy uploaded to shared:	12 th October 2017
Approved Policy circulated to staff:	N/A
Interim Review Date:	
Main Review Date:	August 2020
SMT Lead for Review	Andria Murphy