

# **Charney Hall and Field Trust (CHAFT)**

**Charity No 294765**

## **RESERVES POLICY**

### **1. Summary Statement of Policy**

A formal policy on reserves was agreed at the Special Meeting of the trustees of CHAFT on Thursday 25<sup>th</sup> February 2016. The policy states:

In conformity with the Charity Commission's Recommended Practice the trustees have set a reserves policy which requires that reserves be maintained in a readily realisable form at a level which ensures that the core activities of CHAFT could continue to be financed for a period of one year in the event of any unforeseen difficulty. It also assigns sufficient funding as designated funds to cover anticipated expenditure in each of the two areas of responsibility of the Trust: Charney Village Hall and Charney Field.

The calculation of the required level of reserves takes into account the risks associated with any stream of income or expenditure being different from that budgeted, planned activity level and CHAFT's commitments to users of the Village Hall and Charney Field. This reserves policy is an integral part of the CHAFT's planning, budget and forecast cycle. Both the policy and the specific levels of funding assigned to the reserve or to designated funds will be reviewed annually and reported in the Annual Report of the trustees of CHAFT.

### **2. Introduction**

CHAFT has been constituted as a local charity to run two village amenities, the village hall and the recreation field for the benefit of the local inhabitants. Faced with the need to draw down accumulated funds and to solicit some additional support from external funding bodies, the trustees have developed and agreed a policy on reserves, in line with best practice. This recognizes the need to designate funds to meet major anticipated costs while maintaining a realistic and prudent reserve based on a risk assessment of income, expenditure and the operating environment of CHAFT.

### **3. Risk assessment: against income and expenditure**

CHAFT's main income is derived from hiring of the village hall for leisure time activities. This income stream cannot be greatly increased owing to the lack of car parking facilities which has led to an agreed policy of hiring being reserved to village groups. Income is highly dependent on continuation of current classes and on a few key annual fund-raising events. Recurrent expenditure is largely devoted to services, maintenance and insurance. Grass-cutting on Charney Field has been provided free of charge by an adjoining landowner since 2002, representing a very large avoided cost to CHAFT which cannot be assumed to continue indefinitely.

### **4. Future activity level: likely requirements on reserves**

CHAFT's activity level is determined by (i) demand for facilities on Charney Field and their scheduled maintenance and refurbishment and (ii) use of the hall for events and classes. Neither is expected to change significantly in the immediate future. However, a reserve is needed to enable continued operation for a period of one year in the event of unexpected additional costs and/or a major loss of hire income, in light of the perceived risk to one or both of these factors.

### **5. Organizational commitments**

CHAFT's commitments are to maintain for the community a weathertight, warm and attractive village hall facility which meets safety and access standards and to provide a sports field and recreation ground with a separate safe children's play area with appropriate facilities for a range of ages and abilities.

## 6. Current and target levels of General Reserve and Designated Funds

The trustees consider it appropriate to maintain a general reserve of unrestricted funds sufficient to finance one year of ongoing operating costs and to designate specific funds for the maintenance of the Village Hall and Charney Field.

The General Reserve and Designated Funds are tabulated below. The current figures are as at 31<sup>st</sup> March 2021 with the target amounts to be maintained or achieved by end 2022/23 and beyond to 2032 when the play equipment may need replacement.

<b>Fund Name</b>	<b>Purpose</b>	<b>Anticipated term (FY)</b>	<b>Current holding (31 March 2021)</b>	<b>Target amount (31 March 2022)</b>	<b>Target amount (31 March 2032)</b>
General Reserve	to fund continued operation for one year in the event of major loss of income or increase of expenditure.	2021-22	£3,659	£3,500	£4,000
Charney Village Hall Fabric Fund	to cover anticipated costs of refurbishment of roof, flooring and heating and internal redecoration	2021-22	£24,000	£21,000	
Charney Field Refurbishment Fund	to cover anticipated and potential capital and recurrent costs of equipment, fencing and maintenance.	2021-22	£ 8,500	£8,700	£25,000
<b>Total:</b>			<b>£36,158</b>	<b>£31,200</b>	<b>£29,000</b>

During 2020-21 the Field Refurbishment fund was depleted by £9,214 due to the cost of the felling of the Aspens on Charney Field. Government Grants received in August 2020 due to the closure of businesses because of the pandemic amounted to £10,000. Some of this grant was used to provide Covid secure measures in the hall. The Trustees at their meeting on 31<sup>st</sup> August 2020 agreed that £5,000 should be added to the Village hall Fabric Fund. Additional Government Grants were received in 2020/21. At their meeting on 14<sup>th</sup> April 2021 the Trustees agreed to allocate a further £9000 to the Village Hall Fabric Fund (total allocated in the year £14000) and £4726 to the Field Refurbishment Fund. The remainder of the excess of income over expenditure to be retained in the General Reserve.

**Document history: CHAFT Reserves Policy.**

**Version 1, February 2016**

**Version 2, 5 October 2017 (Section 6 revised).**

**Version 3, 3 May 2018**

**Version 4, 26<sup>th</sup> April 2019**

**Version 5 22<sup>nd</sup> August 2020**

**Version 6 3<sup>rd</sup> April 2021**

**Version 7 4<sup>th</sup> May 2021**