

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 25th 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 recognises 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 and local 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. Organisational 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. In addition, it

has responsibilities for the woodland area of the field, the Bridle path and for the section of Charney Wick Ditch which borders the field.

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 31st March 2022 with the target amounts to be maintained or achieved by end 2022/23 and beyond to 2032 when the play equipment may need replacement.

Fund Name	Purpose	Anticipated term (FY)	Current holding (31 March 2022)	Target amount (31 March 2023)	Target amount (31 March 2032)
General Reserve	to fund continued operation for one year in the event of major loss of income or increase of expenditure.	2022-23	£6,950	£4,000	£5,000
Charney Village Hall Fabric Fund	to cover anticipated costs of refurbishment of roof, flooring, heating, lighting, acoustics, and internal and external redecoration	2022-23	£24,000	£9,000	£5,000
Charney Field Refurbishment Fund	to cover anticipated and potential capital and recurrent costs of equipment, fencing and maintenance.	2022-23	£ 14,750	£11,000	£25,000
Total:			£45,700	£24,000	£35,000

Government Grants received in 2021/22 due to the closure of businesses because of the pandemic amounted to £10,667. Some of this grant was used to provide Covid secure measures in the hall. At their meeting on 6th April 2022 the Trustees agreed to allocate £6250 to the Field Refurbishment Fund. The remainder of the excess of income over expenditure to be retained in the General Reserve.

It should be noted that Government Retail and Hospitality Grants received to help with loss of income will enable the Charity to continue to operate successfully. However, it should be noted that it is anticipated that no new grant funding at either national or local level will be available for capital project in the next 10 years. Provided the charity is able to maintain its level of income through hall hire and fundraising it is forecast that it will hopefully be able to cover its general expenditure.

Document history: CHAFT Reserves Policy.

Version 1, February 2016

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

Version 3, 3 May 2018

Version 4, 26th April 2019

Version 5 22nd August 2020

Version 6 3rd April 2021

Version 7 4th May 2021

Version 8 1st May 2022