

The Reef

Reserves Policy – Adopted 23rd May 2025

1. Key Principles

- 1.1 This Reserves Policy for The Reef is based on the guidance provided by the Charity Commission [CC19 “Charity reserves: building resilience”](#). In outline this requires that trustees develop and publish a reserves policy that:
- Justifies and explains any reserves held;
 - Identifies and plans for the maintenance of essential services;
 - Reflects the risks of unplanned closure;
 - Helps to address the risks of unplanned closure on their beneficiaries.
- 1.2 There are two types of reserves:
- **Unrestricted reserves**, funds which are held to offset risks, and are freely available to spend on any of the charity’s purposes.
 - **Restricted reserves**, funds which are raised or held for *specific* future purposes.
- 1.3 Additionally some of the unrestricted funds may be **Designated funds**, these are funds which are earmarked for a particular project or use, without restricting or committing the funds legally. The designation may be cancelled by the trustees if they decide not to proceed with the use or project for which the funds were designated.

2. Restricted Reserves

- 2.1 We currently have no restricted reserves.

3. Designated Funds

- 3.1 In 2018 The Reef received a s.106 payment from Bloor Homes for **£30,000**. This payment is not legally restricted and can be used for any purpose we wish, however the Trustees have agreed to use this major grant to help fund external renovations to the building that are currently underway.
- 3.2 The trustees have agreed to designate an additional **£20,000** for the external renovations to the building that are currently underway, and expected to complete in July 2025.

4. Unrestricted Reserves

- 4.1 Our **unrestricted reserves are forecast to be £45,000** by the end of our current financial year, i.e. 30th September '25. This equates to 9.7 months of our current running costs.
- 4.2 The Charity Commission do not specify the amount of reserves that should be held, as the needs of every charity are different. They advise that level of reserves should be based on the risks the charity faces.
- 4.3 The key risks for which we hold reserves are:
- To ensure continuity in the event of a major issue occurring which causes the community centre to shut for an extended period, such as Covid.
 - To cover unexpected maintenance costs to the building.
- 4.4 Based on these risks the trustees believe it is prudent to hold unrestricted reserves that equate to between 9 and 12 months running costs, i.e. £42,000 to £55,000.

Version History

Date	Summary of Changes
6/7/23	New Policy
28/5/24	Updated to reflect our latest financial position
23/5/25	Updated to reflect our latest financial position

This Policy will be reviewed annually.