

Hear Together: Reserves Policy

Purpose

The purpose of this Reserves Policy is to establish guidelines for the prudent and effective management of financial reserves to ensure the long-term sustainability and success of Hear Together.

Definition of Reserves: Financial reserves are funds set aside by the charity to protect against risk, such as drops in income or to take advantage of new opportunities, which support the achievement of its mission and strategic objectives. Reserves may include unrestricted, restricted, and designated funds.

Purpose of Reserves: Hear Together's reserves will be maintained for the following purposes:

- a. **Operational Stability:** To ensure the organization can continue its operations in the event of unexpected financial challenges or fluctuations in income.
- b. **Risk Management:** To mitigate risks and uncertainties that may impact the charity's ability to achieve its mission, such as economic downturns, changes in funding, or unforeseen expenses.
- c. **Strategic Initiatives:** To support the implementation of strategic initiatives, new projects, or expansions that align with the charity's mission and long-term goals.

Reserves Target: Hear Together's Trustees have agreed that the charity will hold 3 months of operating costs in reserves. This is based on assessment of current and planned activity, funding sources, future needs, risks and opportunities.

Monitoring and Review: The reserves policy will be reviewed annually and published in our Annual Report.

Decision-Making Process: Decisions regarding the allocation, use, or replenishment of reserves will be made by the Board of Trustees. The Board will consider the recommendations of the Finance Committee and ensure that any decision aligns with the charity's mission, values, and strategic goals.

Types of Reserves: The reserves will be categorized into different types based on their purpose:

- a. **General Operating Reserves:** Unrestricted funds set aside to provide financial stability and cover unforeseen operational expenses.
- b. **Restricted Reserves:** Funds earmarked for specific purposes or projects, as defined by donors or internal designations.
- c. **Strategic Reserves:** Funds set aside for long-term strategic initiatives and opportunities that align with the charity's mission.

Use of Reserves: The use of reserves will be guided by the principle of prudence. Reserves may be used in times of financial hardship, to address emergencies, or to take advantage of new opportunities, which support the achievement of our mission and strategic objectives.

Legal framework

Hear Together's Reserves policy addresses the issues raised in the Charity Commission's publication Charities' Reserves (CC19).

The charity will seek professional advice, as needed, to ensure compliance with legal and regulatory requirements regarding the establishment and management of financial reserves.

Supporting documents

Charity reserves (RS3) - GOV.UK (www.gov.uk)

Charity reserves: building resilience (CC19) - GOV.UK (www.gov.uk)

Source: The Charity Commission's guidance on charity reserves [Accessed: 12/10/23].

Approval and Review

Policy Owner	Sarah Allen
Effective date	November 2024
Review date	November 2025