



Cumbria Family Support

Reserves Policy

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Cumbria Family Support Reserves Policy

1 Cumbria Family Support needs reserves to:

- Meet contractual liabilities should the organisation have to close. This includes redundancy pay, amounts due to creditors and commitments under leases.
- Meet unexpected costs like break down of essential office machinery, staff cover re illness, maternity leave, parental leave, and legal costs defending the charities interest.
- Replace equipment as it wears out.
- Ensure that the Charity can continue to provide a stable and quality service to those who need them. Within this context to minimise recruitment, staff training, staff induction and marketing costs by avoiding the need for redundancies caused by financial crisis.
- Provide working capital when funding is paid in arrears.
- Meet the legal requirements in certain funding contracts.

2 Cumbria Family Support (CFS) Funding

CFS will plan its fundraising in advance having an eighteen month view of the cash flow.

3 A Prudent Level of Reserves

There is no sector standard for the amount of reserves a Charity should hold¹. CFS aims to have reserves of winding up costs plus at least 25% of core annual expenditure.

4 Establishing and Maintaining a Prudent Level of Reserves

In the event of reserves dipping below 25% or exceeding 25% measures will be looked at to restore the reserves to at least 25% of expenditure. This could be achieved by looking at funding, staff time, and level of service delivery.

5 Monitoring and Reviewing of Reserves Policy

The level of reserves is monitored at management meetings.

This reserves policy will be reviewed on an annual basis.

¹ See: [Charity reserves: building resilience - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/charity-reserves-building-resilience)