Reserves Policy

Purpose of the Policy

This policy sets out how Spinnaker Trust manages and maintains its financial reserves. It ensures that the charity holds adequate funds to protect the continuity of its operations and obligations, while ensuring that donated funds are used effectively to advance our charitable aims.

The Charity Commission advises that, under Charity Law, income that a charity receives must be spent within a reasonable period. However, Trustees are expected to maintain an appropriate level of reserves to support the charity's long-term financial sustainability and resilience.

Definition of Reserves

The term "Reserves" is used to describe the funds that are freely available for its operating purposes and does not include:

- restricted funds (where the donor specifies how the funds must be used)
- designated funds (earmarked by the Trustees for specific future purposes)
- Tangible fixed assets held for operational use.

Target Level of Reserves

The Commission does not give specific guidance on the level of reserves to be held, recognising that circumstances and situations differ for each organisation and vary from time to time.

The Trustees have agreed to hold unrestricted reserves equivalent to 3 months of core operating costs, currently estimated at £30,000, with a preference for a higher amount where feasible. This level is considered sufficient to cover staff and premises costs, essential services and overheads, and gives a reasonable timeframe to respond to unexpected financial challenges, such as a significant drop in income.

Monitoring and Review

The level of reserves will be reviewed at least once a year during the budget-setting process, and additionally in response to any significant changes in the charity's income, expenditure, or risk profile.

A statement of the charity's reserves policy, including the target and actual level of reserves, will be included in the Annual Report each year.

Use of Reserves

If reserves fall below the agreed target, the Trustees will develop a plan to rebuild them. If reserves significantly exceed the target, the Trustees will consider how the excess can be used in line with the charity's objectives, such as investment in service delivery or capacity building.

Responsibilities

The Trustees are responsible for ensuring this policy is implemented and monitored, and the Finance Officer will report regularly to the Trustees on the charity's reserve position as part of routine financial reporting.

Spinnaker
Christian Schoolswork

All Spinnaker Trust policies and procedures can be found on the team page of our website: www.spinnaker.org.uk/policies

Approved by the Board of Trustees On: 29/09/25
Date Last Updated: May 2025

Created: January 2024
Reviewed May 2025