

## RESERVES POLICY

**Summary:** To present the 2025-26 Reserves Policy for adoption

**Recommendation:** That the Board adopts the 2025-26 Reserves Policy along with the Budget

**Report by:** Magda Glanowska – Head of Finance

## INTRODUCTION

The current Reserves Policy was approved by the Board in February 2025. The current policy is aiming for the General Fund to be 5% of total operating costs at £70-75k. In addition, the total available funds (General Fund plus Development Fund combined) target to be £180k which equates to 3 months of core salaries, allowances, facilities and IT costs.

It is recommended that the total available reserves are to be kept at minimum of 90% of the agreed target (£162k minimum).

Reserves Policy should be reviewed annually according to best practice. The Board endeavours to have sufficient financial reserves to meet contractual and financial obligations, based on total operating costs, in the event of a sudden decline in income. This target amount is covered first by the General Fund of the organisation which is typically ear-marked for this purpose and is included in savings deposit accounts which can be liquidated on demand.

Local Authority finances provide a general guideline of 3% of net budget as a reserve fund which is evaluated based on risk levels.

## RESERVES

We forecast a General Fund of £76k in the 2025/26 Reforecast (2) alongside Designated Funds of £250k of which £222k is the Development Fund. The Development Fund are readily available funds designated for future developments as decided by the management.

Draft operating budget for 2026/27 will be prepared before the February 2026 Board meeting. We will ensure the General Fund and Designated Funds will be in line with the Reserves Policy. The total combined operating costs of the organisation (both restricted and unrestricted) forecasted for 2025/26 are £1.6m (this excludes Capital uplift spend).

## RECOMMENDATION

We propose to keep the existing Reserves Policy and review next year.

Magda Glanowska, Head of Finance

**FEBRUARY 2026**