

# Lenham Community Centre

Charity No 1166995

## Reserves Policy of Lenham Community Centre

### 1. Statement.

This Reserves Policy for Lenham Community Centre was agreed and adopted by the Lenham Community Centre Management Trustees at their meeting dated 9<sup>th</sup> September 2025.

This Policy will be reviewed annually.

Income reserves are described by the Charity Commission as the resources the charity has or can make available to spend for any or all of the charity's purposes, once it has met its commitments and covered other planned expenditure.

There are two types of reserves

- i) **Unrestricted Reserves**, which are held to offset risks, and
- ii) **Restricted Reserves**, which are raised or held for specific future purposes;

**Also, we will refer to**

- i) **Designated Funds**

Designation is an administrative act by which we may earmark some of our unrestricted funds for a particular project or use, without restricting or committing funds legally. The designation may be cancelled by the trustees if they later decide not to proceed or continue with the use or project for which the funds were designated.

The Trustees will follow the recommendation of the Charity Commission guidance RS3 which states this Reserve Policy must quantify and explain the purpose of any designated funds, along with the likely timing of that expenditure. Additionally, that the amount of any funds held as designated funds is appropriate to the purpose or use for which the funds have been designated.

### 2. The reasons why the charity need reserves

The trustees are required to meet the Charity Commission's "Charities Reserves" Policy CC19 and "Statement of Accounting Practice – Accounting and Reporting by Charities (SORP 2000)", which require the trustees to establish a Reserves Policy which needs to be included in the "Trustees Report and Annual Accounts" for each year end.

The Charity will consider the following when planning for the level of reserves.

### **Unrestricted reserves for Asset replacement**

The trustees consider and make provision for depreciation of and the subsequent replacement of assets (fixtures, fittings, cooker, kitchen equipment, furniture and other “Capital” equipment).

### **Unrestricted reserves for infrequent maintenance costs**

In order to maintain the Community Centre in good condition for the benefit of all the hall users and to meet the conditions of the Insurance policy and premises licence major maintenance activities need to be undertaken on a regular or infrequent basis.

Infrequent Maintenance activities include

- (i) Internal redecoration of the whole of the building
- (ii) External redecoration
- (iii) Refurbishing the main hall floor
- (iv) Repairs to fences and outer outside work
- (v) Electrical and emergency lighting certification every 5 years
- (vi) Upgrade/replacement of the Access Control System, Fire Alarm System and CCTV system and other infrequent but high cost items as necessary.

### **Unrestricted “free” Reserves to absorb setbacks**

Having provided for asset replacement and infrequent maintenance costs, the residual “free” reserve is purely for the charities own use.

Their purpose is to:

- (i) Cover regular operating costs.
- (ii) To ensure continuity in the event of a large variation of income.
- (iii) To spend in emergencies, such as boiler/heating emergencies enforcing closure of the hall; reserves to be kept as a shock absorber for new capital expenditure and new purchases/acquisitions.

### **Reserves for regular, short term fluctuations.**

- (i) Use reserves instead of borrowing to bridge the gap where there is a mismatch between the timing of income and expenditure.

### **Reserves for specific future projects**

- (i) Reserves held to finance a specific future project.

Resources are vital to support the Community Centre ability to operate and to the long term viability of the centre and to its ability to achieve its aims and objectives.

They are also vital to enable the centre to meet its legal and contractual liabilities should the organisation have to close.

The Management Committee and Trustees of Lenham Community Centre consider that it is essential to hold some funds in reserve if the hall is to continue to provide a vital service to the people with on-going needs in the community it serves.

### **3.What level (or range) of reserves we need.**

#### **(i) Unrestricted Reserves.**

The trustees will seek to maintain 3 – 6 months of running costs as our “free use” unrestricted reserves.

This figure equates as approximately £30,000 – 40,000

#### **(ii) Restricted reserves.**

None currently allocated

#### **(iii) Designated funds**

The trustees have no items planned to and earmarked as designated funds within our unrestricted funds

### **5 Steps to be taken by trustees to establish or maintain reserves at the Agreed Level (range)**

The trustees will work with other groups to raise funds for Lenham Community Centre which will be used to keep our reserved funds at an agreed level.

The trustees will also raise funds to help finance a project which will enable new facilities to be introduced to attract new users to the centre.

When the unallocated “free Reserve” reaches its agreed threshold, the trustee’s should take steps to avoid it being exceeded and utilise the excess reserve for the beneficiaries of the charity.

If and when the threshold is reached, options will be considered such as increasing expenditure on capital projects and improvements, or not increasing hire rates(for all, or selectively)or any combination.

### **6 Arrangements for monitoring and reviewing this policy.**

The needs of Lenham Community Centre will change from year to year, and unexpected requirements for expenditure may alter our financial plans.

This policy will be reviewed annually at the January meeting of all trustees and any modifications will be agreed at the AGM.

Prepared by : David Needham

Revision Date : 27 August 2025

Approved By : Management Trustees

Approved Date: 08 September 2025

Review Date: 31 March 2026