PATIENTS COMMUNITY
PRACTICE AND DISTRICT NURSES
LEG CLUB®
www.legclub.org

The Lindsay Leg Club Foundation
CRN 1111259

# Lindsay Leg Club Foundation Reserve's Policy

The Foundation needs to update its Reserves Policy to reflect its current financial situation.

## 1. Introduction

The Foundation board developd a policy which establishes a level of reserves that is right for the charity and clearly explains to its stakeholders why holding these reserves is necessary.

## 2. Background

In developing this policy the Charity Commission website[1] was consulted to frame the terms of the policy. It states that the reserves policy should set out:

- how much needs to be held in reserve and why
- how and when reserves can be spent and
- how often the reserves policy will be reviewed.

Advice has also been sought from the Foundation's fundraising consultant whose experience suggests that holding too much in reserve is off-putting to grant giving bodies and other funders. They are more likely to fund charities who have a prudent level of reserves and which would benefit from additional resources. For this reason the trustees' annual report will be used to tell donors, funders and other stakeholders:

- why the Foundation needs to keep money aside instead of spending it on its aims
- how much is held in reserve
- why this amount is held in reserve
- what the reserves can be spent on

## 3. How much needs to be held in reserve and why

It is proposed to revise the reserves limit downward from £50,000 to £33,000. This is equivalent of 4 months average expenditure at 2018 levels. The Foundation can therefore function for 4 months if it is hit by a financial crisis.

## 4. How and when reserves can be spent

Reserves can be spent to enable the Foundation's consultants to be paid in a situation where its finances deteriorate. This period gives enough time for decisions to be made about potentially terminating consultants and the future of the Foundation. The Treasurer should convene the Executive Committee for this purpose and make trustees aware that reserves are being accessed.

## 5. How often the Reserves Policy will be reviewed

The Policy should be reviewed annually and whenever operating costs vary significantly. The review should be led by the Treasurer.

1. https://www.gov.uk/guidance/charity-financial-reserves