

RESERVES POLICY

1. Introduction

1.1 This report considers the need for a reserve and recommends an amount to be held back. Guidance from the Charity Commission on the operation of reserves has been applied.

See <https://www.gov.uk/government/publications/charities-and-reserves-cc19/charities-and-reserves#annex-1-a-simple-approach-to-developing-a-reserves-policy> for the guidance.

2. Current position

2.1 The Charity Commission recommends that the need for a reserves policy should be considered. If it is considered that reserves are not needed this must be explained in the annual report. A reserves policy for PVCG was agreed in July 2025 and is subject to review each year.

2.2 At 31 December 2025 there was an unrestricted fund balance in hand of £24,952 (£23,443 in previous year).

3. Elements of any reserve

- 3.1 An amount might be needed to meet an unforeseen emergency or other unexpected need. The decision to support Ukrainian refugees is an example of such an emergency. It is difficult, if not impossible, to predict the amount required but a sum of £3,000 is recommended under this heading.
- 3.2 Looking at the expenditure budget, is there a small contingency fund to meet unforeseen operational costs? It is suggested that £2,000 is held for such unforeseen costs.
- 3.3 Uncertainty over future income might mean having reserves equivalent to a number of weeks of income to allow time to develop new sources of income or to cut back on related expenditure. There are three main sources of income for PVCG: over £20,000 is expected this year from clients' voluntary contributions; £600 from Petersfield Town Council as a grant; and £600 from the East Hampshire lottery. A cautious approach is recommended, and a reserve is suggested as follows: £2,000 equivalent to 10% of voluntary contributions; £600 assuming withdrawal of the Town Council grant; and £300 for loss of lottery funds. The total of these three items amounts to £2,900.
- 3.4 A planned spending commitment which cannot be met from future income would imply a need for a specific sum to be set aside. No amount is recommended under this heading.
- 3.5 An amount might be needed to cover 'troughs' in the cash budget. Normally income, mainly from voluntary contributions, is deposited each week so that the cash balances do not dip significantly. It would be prudent, however, to allow a one-month delay, i.e., £1,700 (one twelfth of £20,000).

4 Recommended reserve

4.1 Adding the amounts proposed above (£3,000 + £2,000 + £2,900 + £1,700) gives a recommended reserve, rounded up to the next £1,000, of £10,000, the current recommended reserve level. This compares with the unrestricted fund balance of £24,952, which therefore exceeds the minimum recommended reserve by £14,952.

5. Recommendations

- 5.1 To adopt the reserves policy as set out in this report.
- 5.2 To review the policy in July 2027.

Name Mary Fair.....

Signed Mary H Fair.....

Date 13/7/26.....

Date of review July 2027.....