

## **Lunch Positive Reserves 2017-18**

### **Introduction**

Our Reserves Policy incorporates building and maintaining a contingency & dissolution reserves fund which is designated to:

- (i) Meet the requirements of our Trust Deed
- (ii) Mitigate unforeseen shortfalls in grant funding and income generation activities contributing to service delivery expenditure
- (iii) Maintain an appropriate level of funds for any unforeseen employment liabilities (e.g. maternity pay, sickness pay & cover, redundancy etc.).

The income of the charity is primarily gained through a range of annual grant funding which is awarded progressively throughout the financial year, together with funds raised through our own income generation activities.

The level of reserve funds is based on (i - ii) an average of three months budgeted operational expenditure and directly related overheads for each financial year, and (iii) an average of four months budgeted salary & wages expenditure for each financial year.

Reserves funds for all these purposes are gained through income generation activities. The level of reserves required to be in place for these purposes is reviewed during annual budgeting, as part of longer term business planning, and throughout each year as part of annual forecasting in preparation for increases or decreases of the fund to the optimum level at the start of each subsequent year.

Any free reserves held at the year-end which are surplus to this are allocated either as free or designated reserves to a range of budgeted and planned activities for the following year or longer term which may include service delivery, developmental activities, match funding, new projects, and income generation activities.

### **2017-18**

The reserves fund for (i) and (ii) has been set at £6,750, and (iii) is set at £9,000. This totals £15,750.

Reserves built through income generation in excess of these requirements and aforementioned purposes will be designated towards developmental activities and primarily the securing of suitable leased or rented premises that will enable us to:

- (a) Establish new premises as an operational base that will enable enhancement of lunch club food and social support activities and reach a greater number of service users, especially those more socially anxious and excluded
- (b) Provide training, meeting and administration space to enable development of our services – particularly peer-support activities and the volunteering programme for people with complex support needs
- (c) Develop financial sustainability through further increased income generation – our existing community catering services, and possible community café catering to the general public.

It is envisaged that objective (c) would ensure full cost recovery of the running costs of premises as an operational base, and is anticipated to provide an increase in levels of our own generated income towards service delivery expenditure of the HIV lunch club.

The funding level anticipated for the initial stages of establishing premises as an operational base has been set at £50,000.

21/06/17