

## **Lunch Positive Reserves Policy 2019-20**

### **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 2-3 year and 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 (i – ii) are based on an average of three months budgeted 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. 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.

### **2019-20**

During 2019-20 we intend to further build our level of reserves across all areas (i) (ii) and (iii) to reflect a growth in annual turnover and staff costs, and the relevant contingency levels required to be met.

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 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 provide an increase in levels of our own generated income contributing 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 and along with other funds allocated for developmental purposes this will be held as a Designated Fund in our accounts. Any income generated throughout the current year which is not allocated to other expenditure or reserves may be allocated to this Designated Fund which will enable us to accelerate plans to secure these premises.