

North Staffordshire Community Rail Partnership



Reserves Policy

North Staffordshire Community Rail Partnership is an unincorporated organisation hosted by Stoke City Council. All funding is held in a ring-fenced account for the exclusive use of NSCRP which has a Management Group charged with the responsibility of advising the community rail partnership officers about prudent spending restricted to the activities and functions set out in the NSCRP's Terms of Reference document.

Purpose of the reserve

We have identified five key risks mitigated by building and maintaining a reserves fund to ensure NSCRP's continued solvency and existence enabling it to continue delivering its core aims of bringing together local groups and partners at its stations to deliver a range of community engagement; and developing promotional activities supporting rail travel and other sustainable transport modes and local social and economic development

Risks

1. An expected source of income, such as a grant is reduced or is not renewed. This poses a particular risk to the CRP, dependent on its small number of income streams (hence diversifying our funding is part of our strategy), and having limited staffing resource allocated to fundraising. If income is lost unexpectedly, there may be a gap before other income sources are developed while work commitments may still need to be delivered. If a loss of income were to coincide with any of the additional points below, a reserve would be particularly important to ensure our continued functioning.
2. Unexpected and urgent costs, such as a repair bill to a building or equipment.
3. Unforeseen and important operational costs, such as employing temporary staff to cover a long-term sickness absence.
4. Need to fund short-term deficits to enable an important project or service to be delivered. Money may need to be spent before an associated grant is received.
5. Need to have reserves in place to provide greater flexibility for organisational growth and development as a local community organisation.

Level of reserves

We aim to build and maintain a level of reserves that is equivalent to nine to twelve months' average expenditure calculated on a Full Cost Recovery basis (from latest available figures supplied by Stoke City Council). This will enable us to keep functioning at the existing level should we face an unexpected and large loss of income for at least this period, whilst providing the opportunity to rebuild income streams and ensure the organisation's survival. We recognise that a smaller amount will cover most eventualities under risks 2-4 above. This level of reserves is deemed to be important while the organisation is dependent on a relatively small number of key funders but may be revised in future as our income streams are diversified.

Disclosure of reserves

Reserves are separate from ring-fenced or restricted funding held in our account which might include grants or sponsorship received for particular projects or held against a specific TOC requirement or workstream - held until expenditure is due. Our accounts reporting and budget planning ensures that such restricted funds are kept track of and clearly shown as separate to reserves in our financial reporting.

Reserve funds, as justified in this policy, will be clearly shown and explained in footnotes on the CRP accounts and budget.

How reserves are maintained

Reserves are built and maintained through unrestricted income. This may include donations, corporate partnerships, bank interest, trading activities and any surplus funds raised through events, membership, and other fundraising activities. A proportion of core funding received from TOCs or other funders may be used to build reserves. This does not include restricted income committed to be spent in a particular manner or on a specified project under the terms of the funding agreement.

Reserves are reviewed regularly to ensure they are adequately maintained but do not become excessive. This review is part of a wider monitoring and control regime for our accounts which includes:

- An annual budget and cash forecast to be prepared ahead of the start of each financial year showing projected reserves to be reviewed in consultation with the Management Group.
- The Management Group to use this annual budget to carry out a review of income development opportunities and financial threats for that year, plan appropriate fundraising activities, allocate responsibilities for delivery, and recommendations on decisions or developments needed.
- A short update on partner income, overheads expenditure and balance, including our current reserves status, to be provided at each quarterly Management Group meeting for assessment and discussion, to enable progress to be monitored throughout the year and aid strategic level decision-making and leadership.
- A cashflow sheet to be updated monthly/quarterly and used at the Management Group meetings throughout the year to discuss and agree operational actions to review income development and if necessary, build and maintain our reserves.
- Our annual accounts to professionally prepared at the end of each financial year and provided to the Management Group for agreement.
- The annual DfT Accreditation process will request details of our projected budget sheet and the level of reserves being held.

If reserves exceed the level specified above we will take steps to allocate any excess to project delivery activities as quickly as possible.

Reviewing this policy

This policy is included in our policy pack and should be reviewed at regular intervals, unless a management group member identifies a need to make changes to the policy in the interim. Any changes should be discussed and agreed by the Management Group.

Policy status		Approved January 2023		
Date policy next to be reviewed by		January 2026		
Policy owner / person to review		NSCRP Management Group		
Date reviewed	Reviewed by	Comments	Actions / Change made	Dated completed

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This policy has been drawn up in line with government and third sector advice on best practice in financial management for charities. See <https://www.gov.uk/government/publications/charities-and-reserves-cc19> and <https://knowhownonprofit.org/organisation/operations/financial-management/strategy/strategy>. For an explanation of Full Cost Recovery see <https://knowhow.ncvo.org.uk/organisation/financial-management/planning-and-budgeting/project-budgeting-and-full-cost-recovery>.