



East Kent Hospitals Charity

Registered Charity Number 1076555

Reserves Policy

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Name of originator/author:	Charitable Funds Manager
Director responsible for implementation:	Director of Finance and Performance
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1 Introduction

This document sets out the policy for the holding of reserves held in the East Kent Hospitals Charity (the Charity) as required by Statement of Recommended Practice (SORP) 2005 Section 30e.

2 Definitions

Charity Reserves as defined under SORP 2005 (GL51) are those funds which become available to the charity to be spent at the trustees' discretion in furtherance of the charity's objectives, but which are not yet spent or committed or could only be realised through the disposal of fixed assets. These are therefore classified as 'free'.

Classification of funds:-Restricted Funds – funds which are subject to specific trusts e.g. terms of will – not free

Endowment Funds – funds which are to be held as capital and only the income generated can be expended – not free

Unrestricted Funds – funds which are expendable at the discretion of the Trustees, or designated in consideration of donors wishes – free.

3 Purpose and Scope

Trustees are under a legal duty to apply charity funds within a reasonable time of receiving them. This document aims to set out:-

- The reasons why the charity holds reserves
- What level of reserves the trustees believe the charity needs
- Arrangements for maintaining reserves at the agreed level
- Monitoring and review of policy arrangements

This document is to enable the Trustees and those committees and individuals with delegated responsibilities to monitor income and expenditure as part of their plans to provide long term support to the East Kent Hospitals University NHS Foundation Trust (the Trust).

4 Responsibilities

The Charitable Funds Manager will:-

- Distribute this guidance and ensure it is available electronically within the Finance Directorate and on the Trust website
- Ensure that Trustees and those committees and individuals with delegated responsibilities have sight of this policy
- Provide reports to the Charitable Funds Committee to enable them to monitor the funds to ensure reserves are held and maintained at the levels agreed, reporting any issues to the Trustees.

5 Reserves

5.1 Reason for Holding Reserves

The Trustees consider it necessary to retain reserves over the longer term to:-

- Reduce the impact of risks from the external environment should the levels of income reduce significantly that the charity cannot meet its obligations.
- Continue their programme of support to the Trust.
- Hold sufficient reserves to ensure the charity can cover its ongoing operational costs to process outstanding commitments.
- Meet the cost of closure or transfer of the charity's affairs should the need ever arise.

5.2 Level of Reserves

The Trustees have agreed that the minimum level of the reserves should range between £200,000 and £250,000 which is equal to one year's operational costs and estimated annual commitments. *Note: annual commitments are not absolute and are reviewed and agreed by Trustees each year.*

5.3 Calculation of Reserves

Reserves will be calculated by:-

Taken from Annual Accounts 2010-11

Breakdown of Reserves	£000,'s
Total Unrestricted funds	1,545
less property funds	(651)
less Major Appeal fund	(634)
Freely available reserves	260

The total held in unrestricted funds includes accrued commitments for any designated purpose.

5.4 Maintaining agreed level of Reserves

The Trustees continue to review the balances held in all funds, in accordance with the provisions of the NHS Acts relating to charitable funds, to determine whether these funds are likely to be committed in the near future and the extent to which there is a continuing need identified for any particular fund(s). In the event that there is no identified immediate need the Trustees will bring this to the attention of the Trust to seek a project to which the funds can be applied.

6 Approval and Ratification Process

This policy will be discussed and approved by the Charitable Funds Committee and ratified by the Board of Directors as Trustees.

7 Review and Revision Arrangements

The Charitable Funds Committee will review this policy on an annual basis to ensure that levels reflect the activities of the Charity.

8 Dissemination and Implementation

The policy will come into effect on the first day of any new financial year and will be updated on the Trust website (or system managed and operated by the Trust for access and storage of policies) as well as the Charity Website.

All Divisional Directors, as delegated signatories will be sent a copy of the policy electronically on its implementation and when any amendments are made.

9 Document Control including Archiving Arrangements

Charitable Funds Manager will ensure that an electronic copy of the policy is maintained and held with all the Charity governing documents and a copy sent to the Information Governance Manager to be stored in SharePoint, the central policy library, and for their control details to be entered in the central register.

10 Monitoring Compliance

The quarterly Finance Report provided for the Charitable Funds Committee will include the current level of reserves to monitor the effectiveness of the policy with regard to ensuring the funds held are being used within a reasonable period or that where reserves are increased there are projects planned to justify the increase in funds held.

11 References

The following references apply to this policy:-

Statement of Recommended Practice (2005):-

Charity Commission (England and Wales): <http://www.charity-commission.gov.uk/>

Appendix A

Equality Impact Assessment for a Policy for the Development and Management of Organisation Wide Policies and Other Procedural Documents

Stage 1 Screening

Component: Reserves Policy for Funds Held by East Kent Hospitals Charity Author: Charitable Funds Manager	Revised Policy Version: 3a Date Created: February 2012 Next Review: May 2015
Aim: To set a level of reserves as part of the charity's plan to provide long term support to the Trust	Objectives: To ensure that sufficient funds are maintained to meet commitments Outcome: To identify plans for any shortfall or excess funds held.
Data collection: In compliance with SORP	Financial data will be collected to monitor reserve levels. No groups are disadvantaged.
Equality Impact: Component has no relevance to Equalities.	