



Reserves Policy

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1. Purpose of this policy

Given our objectives of supporting young people reach their potential through holistic support services, our reserves policy aims to ensure our work is protected from the risk of disruption at short notice due to lack of funds, whilst at the same time ensuring we do not retain income for longer than required.

This policy sets our need for the financial reserves.

Ignite Life puts young people at the heart of what we do and work to support them to reach their potential and overcome adversity.

2. Contact information

If you have any questions about Ignite Life's Reserves policy, please contact us at:

Contact: Laurie Davies (CEO)
Email: laurie@ignite-life.co.uk

Address:
Ignite Life
Unit 6 Bridge Road
Kingswood
South Gloucestershire
BS15 4FW

3. Reserves:

The charity Commission's CC19 guidance states: "There is no single level or even a range of reserves that is right for all charities. Any target set by trustees for the level of reserves to be held should reflect the particular circumstances of the individual charity. To do this, trustees need to know why the charity should hold reserves and, having identified those needs, the trustees should consider how much should be held to meet them."

This policy sets out our free reserves, which are defined as unrestricted funds excluding fixed assets.

As part of effective financial management, we hold reserves to ensure we can manage:

- **Financial impact of risk.** There are potential risks we face, including the risk of an unforeseen drop in income or unbudgeted increases in expenditure

4. Financial impact of risk

To ensure that there is no significant disruption to our charitable activities, holding appropriate reserves will enable the organisation to respond to any unforeseen reduction in income (for example if we are unsuccessful with fundraising target amounts) or additional expenditure (for example if there is an unforeseen maintenance cost with our van).

We have based our projections for the appropriate amount of reserves we require on the basis of estimated running costs for 3 months. However, we operate on a model which makes no financial commitment until funding is secured, therefore, our risk is relatively low in terms of an unforeseen drop in income. Therefore, this policy outlines the exceptions allowed for going below our reserves if spending is required for unforeseen maintenance costs.

5. Commitments and long-term plans

The majority of Ignite Life's projects and services are fundraised prior to making commitments.

Our commitment and long-term plans, which has potential financial risk:

Ignite Life Food Bank. Our shop rent and ongoing costs need to be reviewed and managed to ensure we are not in a financial risk where we would need to close.

Ignite Life counselling. Our 4 counsellors support between 3-8 clients per week for 7 weeks.

Ongoing staff costs. We have two full time members of staff employed.

To manage the risk, our reserves include running costs to cover these commitments for three months.

6. Target range for reserves

The target range is set at approximately 5% above the minimum level of general funds expenditure.

7. Reserves calculation

Reserves breakdown	Breakdown (per month x 3)	Amount
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Running costs for long term projects for 3 months (Food service)	£495 shop rent per month £60 fuel for van per month £10 water bill per month £40 energy bill per month £50 additional costs per month	£1,965
Staff salary for 3 months	£3,314 per month gross (inc NI, Tax, pension contributions) £2,494.17 pm per month gross (inc NI, Tax and pension contribution)	£17,424.51
Counselling sessions for 3 months	£25 per session Average 1 counsellor has 5 clients per week for 7 weeks X 5 counsellors	£4,375
Target range for reserves	5% of minimum level of general funds to manage risk	£1,188.22
Total		£24,952.73 (£23,764.51 without the 5% target)

8. Responsibilities

The Board of Trustees are responsible for ensuring that we manage our resources responsibly, and that we act in the best interest of the organisation and the people we serve. The Board has responsibility for approving and monitoring the implementation of this policy.

The Chief Executive Officer is responsible for providing clear and focused leadership of the organisation, and to ensure our financial stability.

Laws and regulations

As a registered charity, we are required to meet relevant legal and regulatory requirements. We have a duty to apply charitable funds within a reasonable period of time for the benefit of the people we serve.

Monitoring and compliance

Reserves levels and forecasts are monitored in our quarterly Trustee meetings.

Reviewed: April 2023

Reviewed: April 2024

Reviewed: October 2023

Reviewed: October 2024

Reviewed: October 2025

Review: October 2026