

RESERVES POLICY

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1. Purpose of this policy

The Charity Commission requires charities to maintain an appropriate level of reserves to ensure financial stability and continuity of charitable activities.

This policy sets out:

- Why St Agnes Surf Lifesaving Club (“the Club”) holds reserves
- How the required level of reserves is calculated
- How and when the policy will be reviewed

2. Definition of reserves

For the purposes of this policy, “reserves” refers to unrestricted funds held by the Club that are freely available to spend on its charitable purposes.

It excludes:

- Restricted or designated funds
- Fixed assets or equipment already owned by the Club
- Stock or pre-paid items

3. Why the Club needs reserves

The Club relies heavily on annual membership income to fund its community lifesaving training, youth programmes, building operations, and essential safety equipment.

A significant downturn in income — for example during a pandemic, operational interruption, or a sharp drop in membership — would impact our ability to remain operational.

Reserves are therefore required to:

Maintain basic operational capability in the event of reduced or delayed income

Protect members, volunteers and the public by ensuring essential safety, utilities and insurance remain funded

Provide time for trustees to plan and implement corrective action without jeopardising the Club’s charitable objectives

4. Calculation of required reserves

To understand the minimum level of reserves needed, the trustees reviewed the average core costs over the last three financial years, focusing specifically on **unavoidable operational costs** that would continue even in a severe income downturn.

Core annual costs (3-year average):

Building repairs and maintenance: **£4,200**

Equipment repairs: **£2,000**

Utilities (water/electricity/rates): **£4,500**

Insurance: **£3,500**

Total essential annual running costs: £14,200

The trustees recognise that in a worst-case scenario the Club could temporarily reduce building and equipment repairs, and utilities usage would naturally fall with reduced activity. However, insurance and core services must still be maintained.

Reserve Level Assessment

Holding reserves equivalent to **two years of the Club's essential minimum costs** would allow the Club to:

- Continue operations safely
- Maintain insurance and utilities
- Manage essential maintenance at a reduced level
- Adapt operations while restoring income streams

A reserve level of **£20,000** is therefore considered sufficient and proportionate.

This represents:

Approximately **1.4 years of full essential costs**, or

Around **2 years of reduced essential expenditure**, assuming reductions in repairs and utilities during a downturn

5. Target reserves level

The Club's target level of reserves is: **£20,000** (twenty thousand pounds).

If reserves fall below this figure, the trustees will implement a plan to rebuild reserves.

If reserves rise significantly above this level, trustees will determine whether funds should be designated for planned improvements or reinvested into member services.

6. Monitoring and reporting

Reserves will be:

- Reviewed at every monthly committee meeting
- Reported annually in the financial statements
- Adjusted if costs, risks, or the scale of the Club's operations significantly change

7. Policy review

This policy will be reviewed **every year** at the Club's AGM, or sooner if:

- There are major changes to the Club's financial position
- The Club takes on significant new commitments
- Risks materially increase or decrease

Any correspondence related to this policy please email treasurer@stagnessurflifesavingclub.co.uk