Reserves and Investment Policy

1. Introduction

WorkCare West Midlands (WWM) is a charity providing workplace chaplaincy in the West Midlands and Warwickshire.

This reserves policy has been prepared to comply with the requirements of the UK Charity Commission and to ensure the long-term sustainability and effective operation of WWM. This policy outlines the rationale, target level, and procedures for maintaining reserves.

2. Definitions

Reserves are that part of the charity's unrestricted funds that are freely available to spend on any of the charity's purposes. This excludes restricted funds (which are set aside for particular projects) and designated funds (which the trustees have earmarked for a specific future purpose).

3. Objectives

The reserves are maintained to:

- Ensure financial stability and continuity of charitable activities.
- Manage risks and unforeseen circumstances, such as fluctuating funding streams, unexpected expenses, or downturns in financial performance in accordance with the WWM Risk Register.
- Allow the charity to respond to unexpected opportunities.

Investment

Our investment objective is to grow the value of our investments or keeping the value stable. We have a moderate attitude to risk.

Our investment approach may involve one or more of the approaches from the following (non-exhaustive) list:

alongside the financial return you are aiming for, avoiding investments that conflict with your charity's purposes; and/or

alongside the financial return you are aiming for, avoiding investments that could reduce support for your charity or harm its reputation, particularly amongst its supporters or beneficiaries.

4. Scope

The target level of reserves for WWM is determined based on the following considerations:

- The charity's risk profile, including the volatility of income and the predictability of future funding.
- The charity's operational expenditure and commitments.
- The need for any significant planned expenditure, particularly on new projects or initiatives.

WWM aims to maintain reserves equivalent to six (6) months of operating expenditure. This target will be reviewed annually to ensure it remains appropriate. Where a decision is taken which might cause reserves to drop below six (6) months that decision should be brought to the Trustees for approval.

5. Calculating Reserves

Reserves will be calculated as follows:

Reserves =Total Unrestricted Funds−Designated Funds.

6. Monitoring and Reviewing Reserves

The level of reserves will be monitored by the Treasurer and Lead Officer on a quarterly basis and reported to the Board of Trustees. An annual review of the reserves policy will be conducted as part of the charity's financial planning and budgeting process.

7. Maintaining and Using Reserves

The trustees are responsible for ensuring that reserves are maintained at the target level. If reserves fall below the target level, the trustees will develop a plan to replenish them. If reserves exceed the target level, the trustees will consider how the excess funds can best be used to further the charity's objectives.

Any decision which knowingly would reduce reserves below the target level requires trustee approval.

8. Reporting and Transparency

Information on the level and purpose of reserves will be included in the charity's annual report and accounts, in accordance with the Statement of Recommended Practice (SORP) issued by the Charity Commission. The reserves policy will also be made available on the charity's website.

9. Conclusion

The reserves policy is a critical component of the financial strategy of WWM, ensuring that it can continue to deliver its charitable activities effectively and sustainably. The policy is designed to be flexible and responsive to the changing financial landscape and operational needs of the charity.

This policy will be reviewed and updated as necessary to ensure it remains fit for purpose and compliant with any changes in charity law or guidance from the Charity Commission.

Approved by: WorkCare West Midlands Trustees 20th November 2024

Next Review Date: on or before 1st November 2025