



Palgrave and District Community Centre (PDCC)

Operating Reserves Policy Final

March 2019

PURPOSE

The purpose of the Operating Reserve Policy for Palgrave and District Community Centre (PDCC) is to ensure the stability of the Charity, programmes, employment, and ongoing operations of the organisation. The Operating Reserve is intended to provide an internal source of funds for situations such as a sudden increase in expenses, one-time unbudgeted expenses, unanticipated loss in funding, or uninsured losses. The Reserve may also be used for one-time, non-recurring expenses that will build long-term capacity, such as staff development, research and development, or investment in infrastructure. Operating Reserves are not intended to replace a permanent loss of funds or eliminate an ongoing budget gap.

DEFINITIONS AND GOALS

The Operating Reserve Fund is defined as a designated fund set aside by action of the Trustees. The minimum amount to be designated as Operating Reserve will be established in an amount sufficient to maintain ongoing operations and programmes for a set period of time, measured in months. The Operating Reserve serves a dynamic role and will be reviewed and adjusted in response to internal and external changes.

POLICY:

It is the policy of the PDCC to hold in Operating Reserves the equivalent of two month's general running costs and an additional one month's salary costs. It is also our policy to hold an amount for any likely building or improvement works following ongoing inspections. The total amount in the Operating Reserves is: **£7420**

This policy will be reviewed in twelve month's time.

It is the intention of the PDCC for Operating Reserves to be used and replenished within a reasonably short period of time. The Operating Reserve Policy will be implemented in conjunction with the other governance and financial policies of the PDCC and is intended to support the goals and strategies contained in these related policies and in strategic and operational plans.

The PDCC believe that, at present, we have £22000 in General Reserves above what is required to be held in the Operating Reserves and will consider how these funds might be used for ongoing support of our objectives.

Signed

Chairman of PDCC

Date: 1st March 2019

BACKGROUND

The Palgrave and District Community Centre (PDCC) is situated in a reasonably affluent area. The annual income is about £28,160 which includes £18,100 from the hiring the hall, and FIT payments, fund raising and donations. The Community Centre employs three part-time members of staff at a total cost of £6370 p.a. The annual running costs on average are about £27,100. The condition of the building is generally good. The Community Centre currently has General Reserves of £30,000.

The PDCC Trustee Committee have discussed the following factors in arriving at the Reserves Policy:

- A wish to have two month's running costs in cash reserve in case of a major problem (£5000)
- In addition to have a further month's salaries in reserve (£420)
- Regular maintenance inspections are not expected to reveal any major works, but minor ones are likely to need doing and it would be prudent to allow a contingency for this now. (£2000)