**CLARBESTON ROAD AFC RESERVES POLICY**

**Background**

Clarbeston Road AFC was registered as a Charitable Incorporated Organisation (CIO) (charity number 1163455) in September 2015. The operations and assets of the former Clarbeston Road Community Amateur Sports Club (CASC) transferred to the CIO on 1st May 2016.

Charity Commission guidance requires that the trustees of the CIO consider the need for a Reserves Policy. If the trustees consider that such a policy is not necessary, a clear justification for this position needs to be produced and included in the annual report.

The trustees of Clarbeston Road AFC CIO consider that a reserves policy would be beneficial to the management of the club’s financial position. This policy was initially agreed at their meeting on 10th August 2016 but is subject to annual review.

**Why a Reserves Policy is required**

As part of good financial management, the club needs to be able to have sufficient un-restricted reserves to be able to meet foreseeable ongoing commitments while at the same time, not un-necessarily tying up funds that should be used to further the objects and purpose of the club. It is though considered prudent to retain some funds to deal with seasonal variations in income and expenditure and unexpected or emergency requirements, for example, a serious mechanical failure of the club’s most expensive operational asset, the pitch mower.

The club has a development plan for improvement of pitches and construction of a new club/community room and changing facilities. The substantial costs of these developments cannot be met from normal revenue and fundraising schemes and a separate project budget has been established for this purpose. Funding is to be sought from various funding bodies, although this may be supplemented by more general local fundraising campaigns. The only potential impact on the un-restricted funds may be if there is a need to cover payments before a funding grant is received and a potential short-term deficit in a cash budget may need to be addressed.

**The basis for the reserves to be retained**

Despite some seasonal variation in club income and expenditure, the club unrestricted reserves (as the former CASC) have been stable for some time. For each of the 5 years, the annual accounts have shown a balance of unrestricted funds of between £8.9K and £9.8K with a minimum balance over that period of just over £4K, most minimum balances occurring over the summer (see table)

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| --- | --- | --- |
| **Financial Year** | **Balance at year end****(£)** | **Lowest monthly balance (£)** |
| 2011/12 | 9,734.71 | 4,199.63 (Sept) |
| 2012/13 | 9,771.89 | 5,534.42 (July) |
| 2013/14 | 9,891.90 | 4,325.85 (August) |
| 2014/15 | 8,986.86 | 4,156.21 (August) |
| 2015/16 | 12125.34 | 5,028.84 (August) |
| 2016/17 | 19,649.67  |  |
| 2017/18 | 20,693.08 | 9,398.95 (January) |
| 2018/19 | 9,707.33 | 6,281.21 (August) |
| 2019/20 | 11,274.23 | 6298.31 (August) |

The trustees agreed at their July 2016 monthly meeting that the club should establish a reserve of £7,500, equivalent to approximately 3 months operational expenditure. The trustees considered at that time hat the risk of a sudden drop in income was very low and that sufficient action could be taken to reduce expenditure within a 3 months period to address any difficulties. In March 2021 and following the coronavirus pandemic which disrupted normal income streams, the trustees further reviewed the position, also taking account of new costs such as utilities installed at Knock Field. It was agreed to increase this minimum reserve to £10,000 to protect the club’s future ability to cover essential costs in an era of greater uncertainty.

It is nevertheless recognised that as the club progresses with the proposed infrastructure developments, there may need to be a review of this policy, to enable sufficient reserves to deal with increased revenue costs and funding schemes that require retrospective claims rather than payment ahead of incurring costs.

The club continues with fundraising efforts to deliver infrastructure improvements. Should the unrestricted funds grow to exceed a figure of £20,000 (equivalent to more than 6 months operational expenditure) then funds will be transferred to the separate project budget to be released to fund improvements. The expectation is that un-restricted balances will normally fall within the range of £10,000 and £20,000 with action being triggered should these funds fall below or above these limits.

**Review period**

The club will regularly review this policy in the light of operational experience and changing circumstances. As a minimum it will be reviewed on a quarterly basis, through the club trustee meetings. Summary accounting figures are also presented each month to the trustees meeting and can trigger further scrutiny and action in the event of any short term unexpected events.

**Reporting**

This policy will be published under the governance section on the club web site for the information of our members and for public scrutiny. The performance against this policy will be reported in the annual report to the Charity Commission, which is available to the public through the Charity Commission web site. It will also be reported to the club members at the Annual General Meeting held in June each year.

**Policy agreed by the trustees on 10th August 2016**

**Policy last reviewed on 11th March 2021**

 **References**

1. Charity Commission publication: Charity reserves: building resilience (CC19)

<https://www.gov.uk/government/publications/charities-and-reserves-cc19?utm_source=feedburner&utm_medium=email&utm_campaign=Feed%3A+CharityCommissionUpdates+%28Charity+Commission+updates%29>

2. Charity Commission publication: Charity Reserves

<https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/284727/rs3text.pdf>

3. Guide to constructing a charity's reserves policy.

[www.communityaccounting.org/files/cann/Guide%20to%20Reserves%20Policy.doc](http://www.communityaccounting.org/files/cann/Guide%20to%20Reserves%20Policy.doc)