



**Policy No: 1**

**Version: 3**

## **Reserves Policy**

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Approved by	Trustee Board
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### Version control

Approved/amended date	Version	By	Issue
3 October 2016	1	Trustee Board	New policy
15 May 2018	2	Trustee Board	Reviewed and amended
1 June 2020	3	Trustee Board	Reviewed and updated

# Reserves Policy

## 1. Overview

The Friends of York Hospitals (FOYH) was established in 1953 and is committed to helping the patients and supporting the staff at York Hospital and its satellite locations. FOYH raises funds and receives legacies to buy specialist equipment and services for the benefit of patients.

FOYH has one employee who manages a large volunteer group from an office within York Hospital. The volunteers provide a wide range of services to York Hospital and its patients. For information on our volunteers please visit our website at [www.foyh.org.uk](http://www.foyh.org.uk)

At the time of writing this policy we are going through the COVID-19 pandemic and the need to ensure the long-term viability of charities has been highlighted. Based on historic spend over the last 5 years our current funds of £365,000 should cover running costs and projects for 4 years.

### **Six Month Reserve Fund - £77,872**

## 2. Reasons for this Fund

The trustees of FOYH are committed to maintaining sufficient level of reserves to manage unforeseen circumstances for up to a period of six-months. They have identified several scenarios where the reserve may be called upon and these include

- Cover for long-term sickness absence of employee
- To meet currently approved and additional funding requirements
- Reduced income
- Provision for redundancy costs should the charity be wound up
- External potential major risk

## 3. How it was calculated

For running costs, the accounts from the last 3 financial years were examined. Assets were stripped out along with some other one-off items and the figures were then averaged out to create the six months running costs. Added to this were amounts to cover long-term sickness and redundancy costs. Provision was made for funding projects based on the average of the last 5 years.

### Included in Fund

The financial funds that Friends of York Hospitals has which can be spent on the charitable objects as set out in the current Constitution\*.

### Excluded

- Restricted funds or endowments which must be used in a specific way.
- Fixed assets as listed in the asset register.

## **2. Monitoring of this policy**

The level of the reserve forms part of the financial management of the charity and as such is monitored throughout the year. If reserves are significantly above or below their target, then the trustees will consider whether the circumstances are short-term, or a longer-term issue and action may be required to remedy the situation.

The policy will be formally reviewed on an annual basis.

\* a copy of the Constitution can be found on our website at [www.foyh.org.uk](http://www.foyh.org.uk)