

# Cathays and Central Youth and Community Project (CCYCP) Reserves Policy

## Purpose

This policy sets out the rules and guidelines for setting and keeping Monetary Reserves put aside in the Bank

## Legal Requirement

In the UK, there are no specific legal rules dictating the exact amount of reserves a charity must hold. However, charities are legally required to have a reserves policy, and this policy must be included in their annual report. The reserves policy should explain the charity's approach to holding reserves, including the rationale, target level, and how it aligns with the charity's overall strategy and risk management.

## Rationale

CCYCP runs youth clubs and social projects, events, and provides rental space for Community Groups and Musicians. These support the community, in the local and wider area.

The CCYCP Reserves Policy is to maintain suitable of reserve funds in order to continue with normal activities up to a period of 3 months should a shortfall in income occur. In this manner, there are three outcomes to using reserve funds:

- a) Shortfalls in funding are counteracted by an increase in funding back to normal levels.
- b) Shortfalls in funding are counteracted by a reduction in outgoing funds.
- c) Reserves are used to manage the termination of CCYCP's functions and activities.

Outcomes 'a' and 'b' are to be considered compatible with each other as both result in the same eventual outcome (the return to 'normal' function) and it is likely that both would be needed in such a case. Should reserve funds need to be used, intent to pursue outcome 'a' and/or 'b' must be decided upon with a majority (70% or higher) vote of the management board and trustees.

Outcome 'c' is to be considered incompatible with outcomes 'a' and 'b' as its eventual outcome (the closing of the centre) is directly at odds with them. Should reserve funds need to be used, intent to pursue outcome 'c' must be unanimously voted on by the management board and trustees. The management board must then call an Extraordinary General

Meeting (EGM) with sufficient notice (maximum 31 days, minimum 9 days) and bring the proposal to pursue outcome 'c' to be voted on by a 70% majority of all attendees and respondents using a direct method of communication (e.g. email, letter, statement made to an employee, trustee or member of the management board) showing a valid form of ID and providing a copy of such before the EGM.

In addition, the reserves policy also allows CCYCP leeway to make urgent repairs if they are deemed necessary by the board. Such use of reserves must be approved by the management board + trustees with a majority of 70% or higher on a per case basis and must then be monitored by members of the board. For any issue requiring repair that is not reasonably considered an 'urgent' or 'immediate' risk, an attempt must first be made to locate funding from a number of sources at the discretion of the management board.

## Implementation

The management board have proposed that the reserves fund is set to a total of £100,000 (Core wage costs are currently at £32,000 a month) with the aim of increasing the total by £10,000 each year over the course of the next 5 years. After 5 years (2030), it will be £150,000 and it will be required that the management board look again at the fund's total and propose an amended total to work towards over the next 5 years.