

The Old Library

Reserves Policy

The Chair is: Helen Verity

Date of policy development: 04/01/2026

This policy was signed off by the Trustees on: 08/01/2026

This policy will be reviewed on: 08/01/2027

The Old Library CIO Reserves Policy

1. Purpose of the Policy

The purpose of this reserves policy is to ensure that The Old Library maintains an appropriate level of unrestricted funds to safeguard its operations, manage financial risks, and support sustainability.

2. Definition of Reserves

Reserves are unrestricted funds that are freely available to spend on the charity's purposes. They exclude restricted funds, fixed assets, and designated funds set aside for specific projects.

3. Why We Hold Reserves

- To provide financial stability and continuity of services during unforeseen circumstances.
- To cover short-term cash flow fluctuations.
- To allow time to adjust to changes in income or expenditure.
- To fund core operating costs during emergencies.

4. Target Level of Reserves

The trustees have agreed that the charity should aim to hold reserves equivalent to 12 months of core operating costs.

Annual Core Costs (£)	Target Reserves (£)
10,000	10,000

5. Risk Assessment

The reserves level is based on income volatility, contractual obligations, planned projects, and external risks.

Risk	Likelihood	Impact
Unexpected increase in fuel costs	Medium	High
Prolonged closure due to outside influences or essential repairs	Medium	High
Economic downturn	Low	Low

6. Monitoring and Review

The reserves level will be reviewed annually as part of the budgeting process. Trustees will assess whether the reserves remain appropriate given the charity's size, risks, and future plans. Any significant changes will be documented and approved by the board.

7. Use of Reserves

Reserves may be used in exceptional circumstances, such as emergency funding needs or strategic investment to achieve charitable objectives. Decisions to use reserves must be approved by the trustees and recorded in meeting minutes.

8. Reporting

The reserves policy and the actual level of reserves will be disclosed in the charity's annual report, in line with Charity Commission guidance.