

Autism East Midlands
Financial Reserves Policy

Introduction

Reserves are that part of a charity's unrestricted funds that are freely available to spend on any of the charity's purposes. AEM maintains free unrestricted reserves:

- to provide a level of working capital that protects the continuity of our charitable objectives.
- to provide a level of funding for unexpected opportunities.
- to provide cover for risks such as unforeseen expenditure or unanticipated loss of income.

Our Approach

Autism East Midlands takes a risk based approach to the setting of reserves. This means that we take a range of factors into consideration when setting the levels of reserves we will maintain:

- level of restricted and unrestricted funds held
- any known financial risks
- any plans that will require future investment (e.g. new service developments or investments in improvements)
- any anticipated changes to the way in which we operate
- worst case scenario plans
- any mitigating factors

AEM has substantial long-term liabilities in the Nottinghamshire Local Government Pension Scheme. This is monitored closely on an annual basis and professional advice periodically sought. AEM's objective is to balance the risk of crystallization of the pension deficit, versus the ability to meet beneficiary needs and grow the work of the charity.

Setting Reserves

Trustees will agree a level of reserves annually in discussion with the Senior Management Team of the Charity at a meeting of the Finance and Audit Committee. That discussion will take into consideration the above factors, the risk register and the Strategic Plan.

The biggest mitigation against catastrophic loss calling on reserves is the fact that AEM has a very diverse service offer and is commissioned by multiple local authorities.

This means that if one type of service is no longer deemed desirable or appropriate by an individual or group of local authorities this will have limited impact.

Part of the process for setting reserves is horizon scanning to understand national and local priorities for service.

Monitoring

The levels of restricted and unrestricted funds available/held in reserve is reported monthly to Trustees. If it is identified by the Senior Management Team that we are approaching our agreed minimum level of reserve this will be discussed at the next available Finance and Audit Committee and action agreed.

Document Control
Title: Reserves Policy
Category: Non-Contractual
Applicable To: All Staff
Date Last Reviewed: April 2021