



compassionate
INVERCLYDE

Reserves Policy

Lead/Owner	CEO
Date of Approval	08/05/2025
Author/Reviewer	Chair of Risk and Finance Committee
Next Review Date	08/05/2026
Related Policies	Risk Policy, Risk register, Financial strategy
Level of Approval	Board of Trustees

Policy statement:

The Trustees regularly review reserves, using the Reserves Policy to support the financial position of the organisation. A risk-based approach is used to calculate an optimal amount of reserves that takes into account reliability of income, costs for re-organisation, and specific liabilities, and includes consideration of risks of which we are aware as well as ensuring reasonable contingencies to support the organisation in dealing with unexpected costs and also opportunities.

Principles:

We principally hold reserves to:

- Protect the continuity of Compassionate Inverclyde's work against uncertain future income streams;
- Provide the capital needed to finance investment in operations;
- Provide funds to replace assets;
- Cover for specific liabilities and identifiable risks;
- Allow Compassionate Inverclyde to respond to unexpected opportunities that can further the aims of the organisation; and
- Allow Compassionate Inverclyde to meet contractual obligations.

The Trustees have determined that holding general reserves equating to three months' unrestricted expenditure supports prudent financial management of the organisation.

As at 31st March 2025, three months' unrestricted expenditure equates to around £22,500.

In setting this policy, the Trustees have recognised that,

- i. Compassionate Inverclyde is a newly-formed organisation, and
- ii. That grant funding is in place to cover all staff-related costs for the period up to 31/05/2026.

Accordingly, the Trustees have agreed that Compassionate Inverclyde should seek to be holding general reserves equating to three months' unrestricted expenditure by 31/05/2026.

Progress towards the aim of holding three months' unrestricted expenditure by 31/05/2026 will be reviewed by the Finance and Risk Committee at each of its meetings.

The Finance and Risk Committee may allocate sums to be held as restricted reserves where appropriate for the sound financial management of Compassionate Inverclyde.

For the purposes of this policy, restricted reserves are considered to be sums held which are required to be used in accordance with specific restrictions imposed by funders. General reserves are considered to be sums held which are not subject to restrictions on their use, other than as imposed by this policy.

Document version control

Version number	Change or update	Author or owner	Date
1.0	First version	Chair of Risk and Finance Committee	08/05/2025