



Reserves Policy

Policy statement: The trustees are looking to build the Sew Positive undesignated (free) reserves to a level that allows the organisation to manage the variations of funding that are all too common in the sector. At the same time trustees keep a close eye on the money required in order to meet the obligations of the charity in the event of closure. Along with these responsibilities the trustees ensure that all restricted reserves are accounted for in accordance with good financial practice and the will of the funders.

Restricted reserves

This policy does not cover the levels of restricted reserves. These reserves are shown separately in annual accounts in a way that meets SORP practice and the wishes of the funders.

Designated reserves

These are reserves that the trustees believe we ought to hold in order to be able to meet any identified issues.

Redundancy

Funds should be held in accordance with minimum statutory requirements in the event that the organisation closes operations and suffers redundancies. They do not include any notice payment as trustees assume any closure would be planned and managed.

All staff recruited will be contractually eligible to minimum redundancy pay as set out by the government. Currently no staff are employed; they are self employed/freelance. This is an area the trustees will be assessing at every trustee meeting to ensure this is covered when recruitment is possible.

As at 29 October 2024 Redundancy liabilities are **£0**.

Lease costs

In the event of closure Sew Positive would need to be able to meet its obligations against any lease agreements or contracts. Currently, Sew Positive does not have lease costs, and venue costs are covered in Restricted Funding.

As of 29 October 2024, this results in a liability of **£0**.

Sickness

Currently, with no employed staff, our CEO does not have terms and conditions that offer sick pay beyond the statutory minimum. This will be reviewed when a member of staff is employed.

As of 29 October 2024, this equals **£0**.

Building repairs and renewals

Trustees recognise the importance of planning for sustainable expansion for example when Sew Positive has premises, which we are looking to plan for 2027 onwards. We are therefore not anticipating reserves for this purpose this or next financial year.

As at 29 October 2024 the reserve is set at **£0**.

Website replacement

The website redevelopment is in progress for Stage 2. Trustees are working on costs with the website designer to change our events platform and structure to reflect our recent strategy day and Journey Mapping for participants.

As at 29 October 2024 the reserve is set at **£500**.

Customer relationship management system

We seek to implement the use of a customer relationship management system during this financial year, dependent on our levels of unrestricted income. On implementation, we will be liable for subscription costs in accordance with our contract with the supplier and reserves should be set aside to allow us to maintain our contractual obligations, should the operation close.

As of 29 October 2024 the reserve is set at **£0**.

Total Designated reserves £500.

Undesignated reserves

Given that the running costs vary over any year, especially if we are looking to bring in additional work and income, the trustees have set an undesignated reserve figure that will allow Sew Positive to negotiate changes to funding and the variances of cash flow. The trustees are looking to build this amount over the next three years.

As of 29 October 2024 the undesignated reserves target is **£2000**.

Current position

This gives a total Reserves target of £2500.

The 2023-24 accounts showed unrestricted Reserves of (£10,099.00). This shows that we have reached our reserves target, but 2024-25 this is predicted to be lower at £765.16, and is dependent on grant income. This is linked to increased subcontractor costs as our income has doubled in two years, without growth in staff resources or capacity. We are working to increase this forecast with further unrestricted funding and applications not included in this figure.

Document history

Process	Date
Author: Joseph Barker-Sherry	29 October 2024
Trustee Approval	29 October 2024
Next review due	29 October 2025