**The Vauxhall Band**
**Financial Reserves Policy**

**From 22nd July 2026**

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This is the Financial Reserves Policy of The Vauxhall Band (“we”/”our”/”us”).

### Scope

This reserves policy gives confidence to stakeholders that our finances are being properly managed and provides an indicator of future funding needs and the charity's financial resilience.

### Oversight

The trustees will review this policy and monitor the level of reserves held throughout the year as part of the charity's budgeting and financial monitoring processes.

### Reserves

Reserves are the part of our unrestricted funds that is freely available to spend on any of our purposes. The items excluded from reserves are:

- any tangible fixed assets used to carry out the charity’s activities.
- programme-related investments those held solely to further the charity’s purposes.
- designated funds set aside to meet essential future spending, such as funding a project that could not be met from future income.
- commitments that have not been provided for as a liability in the accounts.

### Current Position

The charity does not currently hold significant unrestricted reserves. Any material balances held at the year end are often restricted funds or designated funds relating to projects and activities taking place in subsequent financial periods and therefore do not form part of the charity's free reserves.

The trustees recognise the importance of building financial resilience and will keep the appropriate level of unrestricted reserves under review, taking into account the charity's activities, financial commitments, anticipated income and exposure to financial risk.

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### Restricted Funds

These fall outside the definition of reserves, but the nature and amount of such funds may impact on a charity's reserves policy. Where significant amounts are held as restricted funds the nature of the restriction should be considered, as such funds may reduce the need for reserves in particular areas of the charity's work.

### Developing Our Policy

There is no single method or approach to setting a reserves policy and the right approach depends on the size, complexity of activities, legal structure and the nature of funds received and held by our charity. The process we use involves consideration of the nature of the funds received and held by the charity:

- Are the funds unrestricted or restricted income?
- Is an endowment an expendable endowment or permanent endowment?
- Understanding the nature of the funds allows trustees to identify unrestricted funds which can be spent on any purposes of our charity.

We will use the above process to identify why reserves might need to be held and to decide the amount of reserves needed to operate effectively, having regard to relevant Charity Commission guidance on reserves and the approach set out in Annex 1.

*Annex 1 which sets an approach that can be used by smaller charities which do not hold significant amounts of endowed funds, property or operate a defined benefit pension scheme or carry out activities through trading subsidiaries.*

### Levels of Reserves

Our target level of reserves will be informed by:

- forecasts of income and expenditure;
- planned activities and future commitments;
- opportunities and financial risks that may arise; and
- the need to maintain appropriate financial resilience and flexibility.

### Monitoring of Reserves

We will keep our reserves policy and the level of reserves held under review, monitor the level of reserves held throughout the year to establish the reason for any significant difference with the target level set. If reserves during the year are below target or exceed target, we will consider whether this is due to a short-term situation or a longer-term issue, and take any appropriate action.

### Annual Reporting

We will include in our annual report our policy on reserves, stating the level of reserves held and why these are held. If material funds have been designated, the reserves policy statement will quantify and explain the purposes of these designations and, where set aside for future expenditure, the likely timing of the expenditure.

We will ensure that our reporting of our reserves policy meets the requirements of the Charities Statement of Recommended Practice (SORP) (FRS 102) and the requirements of the Regulations.

### Investing Reserves

When significant resources are held in reserves from year to year, the trustees should consider whether some or all of the reserves can be invested to obtain a financial return for the charity, and should consider adopting a formal policy and procedures for the investment of reserves.

In making any investment decision, the trustees should consider when the reserves might be needed (liquidity of the investment) and the acceptable level of investment risk.

### Version Control - Approval and Review

This policy will be reviewed by the Board annually, as part of our financial planning cycle.

| Version No | Approved By | Approval Date | Main Changes | Review Period |
|---|---|---|---|---|
| 1.0 | Board | 29.12.2024 | Initial draft approved | Annually |
| 1.1 | Board | 18.07.2025 | Reviewed. No changes | Annually |
| 2.0 | Board | 22.07.2026 | Reviewed. Clarified the charity's current reserves position and simplified the policy to reflect the charity's circumstances | Annually |

### Regulatory Guidance

Charity Commission - Charity reserves: building resilience.

Charity Commission - Managing a charity's finances: planning, managing difficulties and insolvency (CC12).

Charity Commission - Charities and Risk Management.