



Reserves Policy

The Claygate Village Hall Association (CVHA) is obliged to make plans for the current and future costs of the Hall, the risk of business interruption and for the maintenance and replacement of the fabric of the Hall. The CVHA's biggest asset is the Hall itself, most recently valued at £1,750,000. The Hall is owned by the people of Claygate effectively and is managed for their benefit. It is a registered charity.

In order to plan for current and future costs, the CVHA has a Reserves Policy. This was revised in 2023 to make provision for maintaining a building built 60 years ago and to meet the need for an environmentally friendly energy supply, reducing the use and cost of fossil fuels and with the experience of managing a major disruption during the Covid pandemic.

This Reserves Policy aims to:

- explain why we need to keep money aside instead of spending it all on improvements
- show how much we believe we need to keep in reserve and why
- set out what our reserves can be spent on

The Trustees have set up 3 Reserve Funds, as follows:

1. **The Business Continuation Reserve** – this ensures that in the event of the loss of business or other major operational impact, we can continue to meet the expenses of running the Hall
2. **The Restricted Reserve** – this is for grants, gifts or endowments received where funds may only be used for the purpose(s) for which the money was given
3. **Earmarked Reserves** for future and long-term planning – this will be developed and updated in conjunction with the Asset Management Plan which sets out the likely future major maintenance and capital costs of the building, not the normal annual maintenance costs included in current expenses. It is acknowledged that, going forward, there are potential crossovers between annual and long-term maintenance

The funds in the Business Continuation Reserve will be based on 6 months of budgeted operational costs from 2023. We have considered the current climate of uncertainty over the increase in energy costs in the short term and the effect of business interruption or a major loss of business. The amount will be reviewed at least annually and in accordance with guidance from the Charities Commission and ACRE and based on the Association's experience. As at Spring 2023 this sum is £30,000.

The Asset Management Plan shows the likely cost of repair and replacement of the fabric of the building, for example, a new roof, car park resurfacing, replacement of the main hall floor. Such items will be costed and considered looking forward for up to 20 years and taking into account the effects of inflation.

The value of the Reserves will be shown in the annual accounts.

Monitoring & Review

This policy will be reviewed at least every 2 years by the CVHA Management Committee or when new legislation requires it to be updated.