



## **RESERVES POLICY**

### **INTRODUCTION**

SNAPS aims to provide a high-quality service to our clients and their families, and supportive and challenging jobs for staff, paid and voluntary. To be able to do this, we need to have a solid financial infrastructure. Part of this is having financial reserves, which can be used in emergency situations – such as a sudden loss of funding, the urgent need to replace equipment, or, in extremis, to close the organisation and lay off the employees.

It is considered best practice to have a Reserves Policy. The trustees consider the ideal level of reserves held should be set within a range, with a lower limit and an upper limit in place.

The lower limit will be set at a level to ensure that all the financial commitments facing the organisation in case SNAPS was required to close down suddenly, can be covered - this means the salary and redundancy commitments towards our employees, the contractual commitments towards our specialists employed on contracts for services, and rental and other contractual agreements. SNAPS has operated in recent years on an 'asset light' basis, in that the charity rents operating space, and has few other physical assets beyond computers and play equipment. We do not utilise a rented office space, which makes a significant difference in terms of financial liabilities.

In line with guidance from the charity commission and considering SNAPS operating costs in recent years and our 'slim line' operating model, the charity sets the lower limit at roughly 4 months of operating costs.

The upper limit is set with reference to providing an ongoing level of service to our service users. Our service users are vulnerable members of the Leeds community and would be detrimentally impacted if our services were to shut without an appropriate timescale to find replacement services. Many of the children we support rely heavily on the physiotherapy we provide to them as well as the family support we give to their wider families. The Trustees therefore consider setting the upper limit at 10 months of operating costs. This would give service users time to research, find and secure alternative provision elsewhere.

The Trustees will seek to increase both the upper and lower limits by 5% each year to consider inflationary pressures.

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

Designated funds are unrestricted funds that are formally earmarked by the Trustees for a particular purpose. All designated funds must be formally approved by the



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### **SNAPS YORKSHIRE CIO**

**JULY 2025**

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Trustees at a Board meeting and the reason for the designation formally recorded in Board Minutes. All designated funds must be monitored on an ongoing basis to ensure the purpose of the designation is still valid. When it is determined that a designated fund is no longer required the Trustees must formally undesignate the fund at a Board meeting and its undesignation formally recorded in Board minutes. The monies will then revert to being unrestricted funds.

The Trustees are committed to working within budgets to maintain adequate levels of reserves and will continue to review the level of reserves to ensure that it meets all possible future requirements, as identified in our Business Plan.

<p>Drafted: 18/06/2025 Approved By The Board: 09/07/2025 Next Review Date: 07/20205</p>
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