

Reserves Policy

Date policy agreed: January 2024

Review date: January 2026



ICVA needs to retain monies in reserve for the organisation to be effective for the following reasons:

- 1. The risk of unforeseen emergency** – this is not currently a high risk in the organisation and would mainly be needed to cover a one-off item of office equipment such as new computers/other office equipment. It might also be needed to put down a deposit for a planned high-cost activity such as a new website/conference or similar.
- 2. Unforeseen day-to-day operational costs** – this could include employing temporary staff, attaining contractors to cover long term sickness or maternity cover. This is the most likely need to for ICVA to retain reasonable reserves due to the size of the organisation and the impact on capacity should a staff member be absent for a protracted period.
- 3. Unexpected closure** – were the organisation to have to close unexpectedly, the board and officers also need to factor in payments in lieu of notice for all staff, redundancy payments for staff who have been with us for more than two years and ensuring that all credit agreements are able to be met until contract end. ICVA does not have premises, leases, or other long term financial commitments and therefore costs in this area are comparatively minimal.
- 4. Funding Shortfall** – ICVA's income is currently heavily reliant on one grant from the Home Office and upon the receipt of ongoing membership subscription fees.

Considering all points above and due to the size of the organisation, it is therefore appropriate for the organisation to maintain 3 months of running costs in reserves as a minimum.