



Bethnal Green Nature Reserve Trust Reserves Policy

Last Updated: 1 May 2024

1. About this Policy

The purpose of the Operating Reserve Policy for the Bethnal Green Nature Reserve Trust (the **Trust**) is to ensure the stability of the mission and ongoing operations of the organisation. This Policy will be implemented in concert with the Trust's other governance and financial policies and is intended to support the goals and strategies contained in our strategic and operational plans.

2. Introduction

The Operating Reserve Fund is a designated fund set aside by action of the Board of Trustees. It is intended to provide an internal source of funds for situations such as a sudden increase in expenses, onetime unbudgeted expenses, unanticipated loss in funding, or uninsured losses.

The reserves may also be used for one-time, nonrecurring expenses that will build long-term capacity, such as staff development, research and development, investment in necessary infrastructure or covering basic core costs (website, insurance, bank fees) if sufficient funding is not otherwise available. Operating reserves are not intended to replace a permanent loss of funds or eliminate an ongoing budget gap. It is the intention of the Trust for operating reserves to be used and replenished within a reasonably short period of time (e.g., 12 months).

3. Targets

The reserves will be established in an amount sufficient to maintain ongoing operations and programs for a set period of time, to be measured in months. The reserve serves a dynamic role and will be reviewed and adjusted in response to internal and external changes. The target minimum Operating Reserve Fund shall be equal to twelve months of average operating costs which at the date of this policy is approximately £2,390.

The average monthly operating costs are approximately £199.16, and this includes all recurring, predictable expenses such as insurance (public and employee), bank fees, website hosting costs, tools and equipment, staff / community development and training. Depreciation, in-kind, and other non-cash expenses are not included in the calculation.

The Operating Reserve Fund target minimum amount will be calculated each year after approval of the annual budget, reported to the Board of Trustees, and included in the regular financial reports.

4. Accounting for Reserves

The Operating Reserve Fund will be recorded in the Trust's financial records as "Board-Designated Operating Reserve". The reserves will be funded and available in cash or cash equivalent funds.

Operating Reserves will be commingled with the general cash and investment accounts of the organisation, monitored, and allocated by the Trustees.

5. Funding of Reserves

The Operating Reserve Fund will be funded with surplus unrestricted operating funds. The Trustees may from time to time direct that a specific source of revenue be set aside for Operating Reserves. Examples may include one-time gifts or bequests, special grants, or crowd funding appeals, site hire fees and/or ticket revenue from events.

6. Use of Reserves

Use of the Operating Reserves requires three steps:

- #1. Identification.** The Trustees and core staff will identify the need for access to reserve funds and confirm that the use is consistent with the purpose of the reserves as described in this Policy. This step requires (i) an analysis of the reason for the shortfall in funds, (ii) an enquiry as to whether any alternative sources of funds are available, and (iii) an evaluation of the time period that the funds will be required and replenished.
- #2. Authority.** Authority for use of up to £1,160 of Operating Reserves is delegated to the Senior Site Manager in consultation with the Treasurer and/ or Chair of the Trust. The use of Operating Reserves will be reported to the Board of Directors at its next scheduled meeting, accompanied by a description of the analysis and determination of the use of funds and plans for replenishment to restore the Operating Reserve Fund to the target minimum amount. If the use of Operating Reserves will take longer than 12 months to replenish, the request will be subject to a greater degree of scrutiny than uses which will take fewer than 12 months to replenish. The Senior Site Manager must receive prior approval from the chair of the Trust or the Trust's treasurer for use of Operating Reserves in excess of £300.
- #3. Reporting and monitoring.** The Senior Site Manager is responsible for ensuring that the Operating Reserve Fund is maintained and used only as described in this Policy. Upon approval for the use of Operating Reserve funds, the Senior Site Manager will maintain records of the use of funds and the plan for replenishment. He/she/they will provide regular reports (to the Treasurer on a monthly basis and to the Board of Trustees at each quarterly board meeting) of progress to restore the Fund to the target minimum amount.

This policy will be reviewed on an ongoing basis, at least once a year. The Trust will amend this policy, following review, where appropriate.