

1. Key principles

- 1.1 The College of Paramedics (the College)'s reserves policy is reviewed annually as part of the financial strategy; future reserves are based on the achievement of projected budgeted result.
- 1.2 An effective policy recognises the risks of unforeseen or unexpected need for funds providing a cushion or contingency. Such expenditure could be:
- the sudden loss of financing with a delay in being to adjust the businesses underlying overhead structure;
 - The loss of a member of staff on long term sickness and the need to employ temporary staff to cover the absence;
 - Planned expenditure to ensure that the businesses growth is not impeded but which leads the enhanced revenue stream; And,
 - Fine or penalty imposed.
- 1.3 The reserves policy incorporates known and projected organisational commitments and liabilities.
- 1.4 Action should be taken to rectify any potential deviation from the reserves level agreed immediately it is identified unless otherwise agreed by the Board.

2. Quantification of the Reserve

- 2.1 The College maintains reserves sufficient to protect the organisation from those risks that could reasonably be foreseen but for which there is a time lag between their recognition and the reduction in expenditure.
- 2.2 Review of similar charitable organisations reveals a range of cover of reserves against the projected overheads of between one and six months. Few of the organisations comment on the cash cover; cash expressed as the number of months projected overheads.
- 2.3 The quantification of the cover turns on the speed at which the management consider they can adjust the expenditure levels or the duration of the temporarily increased overheads. Risks include, but are not limited to, the following:

Risk	Mitigation time
Significant reduction in membership income	Unlikely to occur as a single point event. Management could reasonably be expected to take action early on in the identification of any trend
Loss of project sponsor income/grant	Prudently the College would not normally engage in a project before receipt of underpinning funding

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Author	First approved	Last reviewed	Next review
Tim Gerhard	November 2016	n/a	November 2017

Temporary loss of staff	Likely to be for maternity or sickness cover. Estimated to be a maximum of six months cover at similar pay level. Current reserves represent six months cover of total salary costs
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3. The policy

3.1 The College's reserves policy, approved by the Board for day to day financial management:

“Maintenance of free reserves equivalent to a period of between four and twelve weeks of operational expected expenditure.”

3.2 For inclusion in the Statutory Accounts:

“To maintain a level of free reserves that will enable the College to ensure a continuity of activity and have the ability to adjust in a measured way to significant changes in the external economic environment and demands on services provided by the charity.”

End of document

Policy approved by the Board of Trustees, via meeting, 18.11.2016

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Tim Gerhard	November 2016	n/a	November 2017