Ferring Retirement Club CIO (Charity No. 1212151)
Reserves Policy – November 2026

1 Introduction

1.1 Ferring Retirement Club CIO (the **'Charity'**) is a registered charity whose objects are: *"the relief of the elderly in any manner now or hereafter deemed charitable within Ferring and the surrounding area".*

1.2 The Charity and its property are administered and managed by the **'Trustees'**) who are mindful that they have a legal obligation to act in the best interests of the Charity and its members and in accordance with the Constitution dated 14 January 2025.

1.3 The Charity recognises its duty to develop a Reserves Policy and to include this in its annual report in a way that meets the requirements of the Charities Statement of Recommended Practice (SORP) (FRS 102) and the requirements of the Regulations.

2 Reserves Policy Statement

2.1 The Reserves Policy:

- identifies and plans for the maintenance of services for the Charity's members
- reflects the risks associated with the Charity's spending commitments, potential liabilities and financial forecasts
- fully justifies the reasons for keeping or not keeping reserves and clearly explains these to its members , the public and the Charity Commission
- provides accountability to members and explains how reserves are used to manage uncertainty

2.2 If reserves are held to fund future purchases or activities, the Charity will explain to members how and when the reserves will be spent.

2.3 The Trustees will regularly monitor and review the effectiveness of the Policy in the light of the changing financial climate and other risks.

3 Definition of reserves

3.1 Reserves are that part of the Charity's unrestricted funds that are freely available to spend on any of the Charity's purposes. Some, or all, of the unrestricted funds may not be readily available for spending because those funds may adversely impact on the Charity's ability to deliver its aims. They should, therefore, be excluded from reserves, for example:

- tangible fixed assets used to carry out the Charity's activities, such as buildings
- investments held solely to further the Charity's purposes
- designated funds set aside to meet essential future spending, such as funding a project that could not be met from future income

3.2 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 restriction will be considered, as such funds may reduce the need for reserves in particular areas of the Charity's work.

4 Assessing the risks

4.1 The Charity is mindful that appropriate reserves levels must be established since:

- holding excessive reserves can unnecessarily limit the amount spent on charitable activities and the potential benefits the Charity can provide in accordance with its charitable aims and objects
- reserves that are too low increase the risk to the Charity's ability to carry on its activities in future in the event of financial difficulties

4.2 In the event that the Charity chooses to adopt a 'zero level' reserves policy, this will be stated in its annual return and an explanation given. The Charity recognises that such a policy can create heightened financial risk from the possibility of unforeseen expenditure, a shortfall in income or an inability to control costs, unless a workable alternative has been established for addressing these risks.

4.3 The Reserves Policy is not a static policy. The circumstances of the Charity or the environment in which it operates will change with time so the Treasurer will keep the Reserves Policy under regular review , presenting a written report to firstly the Finance & General Purposes committee (if in operation) and then to the Trustees. The Trustees will review this Reserves Policy every two years, or more often if appropriate, as part of the planning processes. The amount held in reserves will also be monitored as part of the Charity's budgetary processes.

5 Establishing the Reserves Policy

The Charity's target level of reserves is informed by:

- its forecasts for levels of income for the current and future years, taking into account the reliability of each source of income and the prospects for developing new income sources
- its forecasts for expenditure for the current and future years on the basis of planned activity
- its analysis of any future needs, opportunities, commitments or risks, where future income is likely to fall short of the amount of the anticipated costs
- its assessment, on the best evidence reasonably available, of the likelihood of a shortfall arising, and the potential consequences for the Charity of not being able to make up the shortfall
- if the reserves policy is set at zero or a low level, its strategy for an orderly closure in the event of an unplanned shutdown and insolvency

6 Explaining reserves in the annual report

6.1 The Charity will include its policy on reserves in its annual report, stating the level of reserves held and why they are held.

6.2 Where material funds have been designated, the reserves policy statement will quantify and explain the purposes of these designations and, where set aside for future expenditure, the likely timing of that expenditure.

6.3 If the Charity does not hold the reserves it believes it needs, it is exposed to greater risk so the Trustees will address this actively by, for example, planning how to:

- implement the reserves policy
- raise the necessary funds
- mitigate the risks that might arise if the Charity has to close suddenly

6.4 If the Charity's reserves or unspent funds appear to donors, beneficiaries or the Charity Commission to be too high, this may be because:

- the Charity has not explained fully the reasons why it is keeping reserves. If this is the case, the Trustees will review the policy, ensure that it fully justifies why funds are being kept in reserve and explain why the Charity has the level of unspent income that it does.
- the Charity is having difficulty in using its funds. If so, the Trustees will consider whether the funds could be effectively spent on the Charity's purposes.

6.5 If the Charity has more resources than it needs to fulfil all its purposes, the Trustees will consider whether the purposes of the Charity should be amended to enable it to operate more effectively.

6.6 The Trustees will use their powers, implicit in the law, to hold reserves where they are satisfied that to do so is in the best interests of the Charity.

6.7 When significant resources are held in reserves from year to year, the Trustees will consider whether some or all of the reserves can be invested to obtain a financial return for the Charity. In making that investment decision, the Trustees will have consideration of when the reserves might be needed and the acceptable level of investment risk. In addition, the Trustees will ensure that reserves are invested in a way that can be readily realised as cash, when needed.

6.8 Where the amount of reserves held is large, the Trustees may decide to invest all or part of those reserves in a wider range of investments than simply on deposit. In such a case, the Trustees will provide a detailed analysis of why the reserves are held and how quickly those reserves may need to be accessed. The Trustees will be mindful of the greater degree of risk when investing reserves in assets other than cash.

7 Use of reserves

7.1 Nothing in this policy will prevent the Trustees from considering how and when to use the Charity's reserves provided that the Trustees act within powers and in accordance with the Charity's aims and objects. The Charity is obliged to:

- ensure that it uses its income and reserves in furtherance of the Charity's objects and charitable aims
- ensure that funds received as income should be spent within a reasonable period of receipt of the funds
- decide on the appropriate level of reserves to be retained for forward financial planning

7.2 In considering the above matters, the Charity should, whilst continuing to maintain a suitable reserves level, recognise that holding excessive reserves can unnecessarily limit the amount spent on charitable activities and the potential benefits that the Charity can provide. Accordingly, the Charity should review how it might use its unspent funds in line with its charitable aims.

7.3 The Trustees have agreed to consider using part of the Charity's reserves by way of donations to other appropriate Ferring charities, whose aims and objects are closely aligned with those of the Charity. This decision specifically recognises that the Charity holds a very significant sum in reserves and that, whilst continuing to maintain a suitable reserves level, the Charity will review how it might use unspent funds in line with its charitable aims, in accordance with the Charity Commission's public benefit requirement, including supporting other Ferring charities with aligned purposes.

7.4 When considering donations to be awarded of a substantial amount the trustees must be given:

- sufficient information about the intended donee charity, including how the donee's aims and objects align with FRC CIO's charitable objects; and
- a proper timeframe to consider the merits or otherwise of the proposed donation. Unless there is a justifiable case for an immediate or urgent donation to be made, full details of the proposed donation should be presented to a trustee meeting with trustees having sufficient time to ask questions or make representations. Where appropriate, a decision on the proposed donation may be deferred to the next following trustee meeting.

7.5 The Trustees have agreed to undertake regular reviews of the Charity's financial position in terms of considering its use of reserves.

8 Identified potential expenditure from reserves 2026/27

The Charity has identified some areas of proposed capital expenditure which, if approved, would be settled from reserves. These include:

- a proposed ringfenced donation to Glebelands Community Centre for roof repairs (both organisations share the same building)
- repairs to the Charity's part of the roof
- new windows at roof level
- heating and ventilation
- fire safety measures

9. Criteria for investment

9.1 When considering investment opportunities, the Trustees will meet their legal requirement to make financial investments only in an asset that is specifically intended to maintain and increase its value and/or produce a financial return.

9.2 The Trustees will identify funds that:

- need to be available on instant access
- can be used for short term investment
- can afford to be tied up for longer periods of time
- will be used to react to unplanned events

9.3 Possible types of investment may include:

- interest bearing cash deposits in bank or building society accounts
- shares in a listed company
- buildings or land
- common investment funds and other collective investment schemes
- hedge funds
- commodities
- derivatives

9.4 In all cases the Trustees will:

- know, and act within, the Charity's powers to invest
- exercise care and skill when making investment decisions
- select investments that are right for the Charity, taking account of:
  a) how suitable any investment is for the Charity

b) the need to diversify investments

- follow certain legal requirements if someone is to manage the investments on behalf of the Charity
- review investments from time to time
- explain their investment policy in the Trustees' annual report
- be aware that some investments may have tax implications for the Charity
- invest any permanently endowed funds in a way that helps them to meet both their short and their long-term aims
- decide whether to adopt an ethical, socially responsible or mission related approach to investment and ensure that it can be justified

9.5 In choosing savings and investment options for the Charity, the Trustees will be mindful of the following:

- the deposit protection limit guaranteed by the Financial Services Compensation Scheme (FSCS) currently pays compensation of up to £120,000 per eligible bank, building society or credit union
- the FSCS compensation limit applies to all deposits held by an individual or organisation with an authorised institution, which may include several banking and building society brands. If multiple deposit accounts are held with one bank, building society or credit union – or several accounts with different brands that come under the same authorisation – these will only be protected under the FSCS up to a total of £120,000.
- many foreign-owned banks that operate in the UK have been authorised by the Financial Conduct Authority (FCA) and money deposited with these banks will be covered by the FSCS. However, a bank based in the European Economic Area (EEA) can offer certain products or services in the UK and other EEA countries while being authorised in its home country. Money deposited with an EEA bank will be covered by the compensation scheme of the bank's home country rather than the FSCS. This can be up to a limit of €100,000 EU countries.

9.6 The Trustees will take and consider advice from someone experienced in investment matters both before making investments and when reviewing them, unless there are good reasons for not doing so. The Trustees may decide not to take external advice if there is sufficient expertise within the Charity at the time of making the decision.

9.7 The Trustees have overall responsibility for the investment of the Charity's funds. If an investment manager is appointed to manage the Charity's investments, there will be:

- a written agreement or contract with any investment manager appointed
- an investment policy for the Charity, which clarifies the responsibilities and remit of the investment manager; the investment manager must select investments in line with these instructions, unless there is a good reason not to.

9.8 The Trustees will follow a duty of care when delegating decision making to an investment manager and preparing their investment policy.

9.9 The Trustees will always remain responsible for:

- setting out and reviewing the Charity's investment policy on a regular basis
- deciding whether, to whom, and on what terms to delegate management of the Charity's investments
- reviewing the suitability and performance of the investment manager regularly
- if necessary, ending the appointment of the investment manager

10 Endowment funds

Endowment funds are capital funds, which are held in trust for the benefit of a charity over the long term and are subject to restrictions as regards how they may be used. The Charities Act enables charities to spend permanent endowment funds according to certain safeguards and procedures, according to the size of the charity.

Smaller unincorporated charities, with endowment funds valued at less than £10,000 and an annual income of less than £1,000, can spend permanent endowment funds through their trustees without the involvement of the Charity Commission.

Permanent endowments can only be spent if the trustees agree that such action is necessary to help their charity carry out its purposes more effectively; for example, if the charity needs money to set up a new project.

Larger charities that have a single purpose, an endowment fund valued at more than £10,000 and an annual income of more than £1,000, can pass a resolution agreeing to spend a permanent endowment fund. However, the Charity Commission must approve the resolution before the money is spent.

Accordingly, if the Commission's approval is required, the Charity will provide details of:

- the current market value of the endowment
- the Charity's income
- the meeting in which the Trustees passed a resolution to spend the endowment
- a copy of the resolution including the reasons for spending the endowment

The Commission will notify the Trustees, within three months of its decision.

11 Expendable Endowment funds

If the Charity receives any expendable endowment funds, these will be held as capital with no restriction on converting them into spendable income. The discretionary power of whether to spend these funds rests with the Trustees. If the funds are not earmarked for any specific purpose, the Trustees will set priorities for the funds and decide how and when they are spent.

12 Restricted funds

If funds are received by the Charity from a donor who specified the use of those funds in writing at the time of the donation, they will not be used by the Charity for any purposes other than those originally specified.

13 Review

This policy shall be reviewed by the Trustees every two years or as appropriate.

November 2026