



## **Wishing Well Music for Health Reserves Policy**

### **1. Guiding Principles**

- To ensure financial security and the best chance of sustainability for the charity
- To make best possible use of unrestricted income to safeguard the charity itself through maintaining adequate reserves to meet unforeseen expenses, manage cash flow, and support the organization's long-term goals.
- This policy will be implemented in conjunction with the other financial and governance policies of Wishing Well and is intended to support the goals and strategies of those policies and indeed the Charity's strategic and operational plans.

### **2. Definition of reserves**

Reserves are the portion of unrestricted funds that are freely available to spend on any of the charity's purposes. They exclude restricted funds and designated funds set aside for specific purposes.

### **3. The level of reserves**

In considering the appropriate level of reserves the Board considered key areas of financial risk (see Risk Register). It was decided by the board that we would aim to keep between three and six months running costs in reserves. We define "running costs" as the costs the charity needs to cover every year which includes:

- Insurance
- Payroll
- Accountancy fees
- HMRC contributions
- Memberships, subscriptions and website
- CEO salary plus reasonable expenses
- CEO pension
- Freelance fundraising consultant
- Freelance comms assistant
- Contingency

The amount of the Operating Reserve Fund target minimum will be calculated each year after approval of the annual budget and reported to the Board of Directors.

#### **4. Use of reserves**

The reserve is therefore intended to provide an internal source of funds for situations such as (but not limited to):

- One off costs of winding up the charity
- One-time unbudgeted expenses
- Redundancy costs (if required)
- Uninsured losses.

The reserves may also be used for one-time, non-recurring expenses such as staff development or research and development, subject to prior approval. It is the intention of Wishing Well for the Operating Reserves to be used and replenished within a reasonably short time (within the financial year at the latest).

It is not anticipated for the reserves to be used to fund the core work of project music sessions, when funding for the sessions is turned down, i.e unanticipated loss or discontinuation or delay of funding. However, if one-off expenses occur within the projects, then the reserves can be used as agreed by the board.

#### **5. Where reserves are held**

- It is the Board's policy to keep only sufficient reserves in the organisation's current account, necessary for the day to day running of the organisation.
- At present reserves are kept in the current account which is the only account held by Wishing Well. The Board will explore higher interest options for the reserves as the need for this arises.

#### **6. Monitoring and Review**

- The reserves level will be monitored regularly by the Treasurer and CEO and be reported to the Board of Trustees at the quarterly meeting or more frequently in times of financial difficulty or concern. The policy will be reviewed annually to ensure it remains appropriate for the charity's needs and circumstances. If the reserves are forecast to drop below the three-month target, an extraordinary trustees meeting will be called to review the cash flow forecast. external advice will be sought and proper procedure followed.
- If our reserves are above six-months, we will consider using the excess for a purpose to be agreed by the board. For example, match funding to lever in bigger grants or piloting new ideas and ways of working.

#### **7. Reporting**

The level of reserves and the policy will be disclosed in the charity's annual report and financial statements, providing transparency to stakeholders.

#### **8. Responsibilities**

The Board of Trustees is responsible for ensuring that the reserves policy is implemented and adhered to. The Treasurer and CEO are responsible for monitoring the reserves level and reporting to the Board.

## **9. Review**

This policy will be reviewed and updated on an annual rolling basis by the Board.  
This policy may be revised sooner if there is a change in working premises, conditions or laws directly affecting data protection or any other aspect embedded in the document.

*Policy adopted: 23rd May 2023.  
Reviewed: 11th June 2025.  
Next review date: 11th June 2026*