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SPECIAL OLYMPICS GREAT BRITAIN RESERVES POLICY

SCOPE

The Charity Commission expects trustees to decide, publish, implement and monitor their charity's Reserves Policy so that they can comply with their legal duties to:

- Act in the interests of their charity and its beneficiaries;
- Protect and safeguard the assets of their charity;
- Act with reasonable care and skill; and
- Ensure their charity is accountable.

The aim of this policy is to establish the rationale for holding reserves, the level at which reserves are to be maintained, and the basis for calculating the required level of reserves.

RESERVES DEFINITION & POLICY STATEMENT

In line with the Charity Commission guidelines, the Special Olympics Great Britain (SOGB) Board of Trustees define the charity's 'free' reserves as income which is set aside and available to the charity and has not yet been spent, committed, or designated. Fixed assets (designated funds) and restricted funds normally fall outside the definition of reserves.

These reserves are set aside to cover specified potential future contingencies and uncertainties, and to ensure that the Charity remains a going concern in accordance with the requirements of the Companies Act. These controls over the solvency of SOGB will be supplemented by regular cash flow forecasts which are subject to regular review by the Board and its Audit & Risk Sub-committee.

SOGB is aware of the need to secure its viability beyond the immediate future. In order to be able to provide services over the longer period, SOGB must be able to absorb setbacks and take advantage of change and opportunity. SOGB should, therefore, provide for this by retaining some of its previously generated surplus as a reserve against future uncertainty, which would allow it sufficient time to restructure (if required) or for it to seek alternative income.

There is no recommended single method for developing a Reserves Policy but SOGB have decided that reserves should be set at a level that balances the requirements of the Charity as a going concern, alongside the Strategy of SOGB which is to invest in sport for those with "intellectual disabilities" within England, Wales and Scotland.

Special Olympics Great Britain (SOGB) Reserves Policy Statement:

Amounts are held to meet the financial risks associated with potential contingencies and uncertainties relating to the Charity's operating activities. These include:

- To provide for an orderly scaling down of operations in the event of a significant adverse event that is outside the control of the Charity;
- To provide contingency funding for unforeseen occurrences that have not been provided for in the normal planning and budgeting process; and
- To provide for future accounting periods where there is the possibility of a deficit as a result of a change in corporate partner funding, grant funding income or other income streams.

RESERVES REQUIREMENT

The reserves requirement is intended to provide for the organisation to cover the financial risks outlined in the policy statement above.

The key elements and their basis of calculation are:

- Staff Related Costs - to address an orderly scaling down of operations, it is expected that staff related costs should be met. In this context, staff costs reflects the notice pay for all staff based on their contractual or statutory notice period and the related employers' national insurance and pension contributions as well as the calculated redundancy pay that would be incurred at a specific point in time;

- Outstanding lease costs;
- Three months premises, business and/or office costs;
- Six months insurance costs;
- Three months IT and licence costs;
- Governance costs including an estimation of legal fees; and
- Average creditor costs.

The minimum reserve for sustainability will be reviewed annually by a calculation to incorporate the above points, and will be assessed by the Board of Trustees for their approval.

Any figure calculated under this policy, is in addition to funds held by accredited clubs and regions, which are used for local activities and are not available for the funding of national development activities in the normal course of events.

MONITORING AND REVIEW
The Audit & Risk Sub-committee will monitor the level of reserves and compliance to this policy on an annual basis, reporting any significant matters to the Board.

This policy will be reviewed by the Audit Sub-Committee and the Board annually as part of the Trustee rolling policy review schedule.