

POLICY / PROCEDURE TITLE		DATE OF APPROVAL
NCG Financial Reserves Policy		July 2024
APPROVED BY	VERSION NO.	VALID UNTIL
Corporation Board	2	July 2027

OWNER	Head of Group Finance		
GROUP EXECUTIVE LEAD	Chief Finance Officer		
DOCUMENT TYPE	Policy <input checked="" type="checkbox"/> Group Procedure <input type="checkbox"/> Local Procedure <input type="checkbox"/>		
PURPOSE	The purpose of this policy is to set out the requirements, definition and methodology for retained reserves to ensure that NCG maintains sufficient cash to enable it to withstand any shortfall in income or unforeseen expenditure while any necessary adjustments are made to NCGs operations.		
APPLICABLE TO	All NCG employees, as well as consultants, vendors, agency workers, contractors, service users, trainees/students, volunteers and/or any other parties who have a business relationship with NCG.		
EQUALITY ANALYSIS COMPLETED [POLICIES ONLY]	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
	(If EA not applicable, please explain)		
KEY THINGS TO KNOW ABOUT THIS POLICY	<ol style="list-style-type: none"> Reserves are the part of a charity's funds that are freely available to spend on any of the charity's purposes. Reserves are held to make sufficient provision for potential future cash flow requirements and contingencies (such as dealing with unexpected emergencies, taking advantage of opportunities that arise etc.) 		
EXPECTED OUTCOME	Readers are expected to understand the organisational position on financial reserves, know their responsibilities in relation to the policy and comply with the terms of the policy.		

MISCELLANEOUS	
LINKED DOCUMENTS	<ul style="list-style-type: none"> Financial Regulations - Outlines the financial procedures and limits that must be followed to ensure that the strategy is delivered; whilst maintaining a sound system of internal control, designed to ensure effective and efficient operations and compliance with relevant laws and regulations.

KEYWORDS

- Reserves
- Charity
- Commission
- Cash

Equality Impact Assessment

EQUALITY IMPACT ASSESSMENT			
	Yes	No	Explanatory Note if required
EIA 1 - Does the proposed policy/procedure align with the intention of the NCG Mission and EDIB Intent Statement in Section 2?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The answer to this must be YES
EIA 2 - Does the proposed policy/procedure in any way impact unfairly on any protected characteristics below?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Age	<input type="checkbox"/>	<input checked="" type="checkbox"/>	The answer to this must be NO
Disability / Difficulty	<input type="checkbox"/>	<input checked="" type="checkbox"/>	The answer to this must be NO
Gender Reassignment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	The answer to this must be NO
Marriage and Civil Partnership	<input type="checkbox"/>	<input checked="" type="checkbox"/>	The answer to this must be NO
Race	<input type="checkbox"/>	<input checked="" type="checkbox"/>	The answer to this must be NO
Religion or Belief	<input type="checkbox"/>	<input checked="" type="checkbox"/>	The answer to this must be NO
Sex	<input type="checkbox"/>	<input checked="" type="checkbox"/>	The answer to this must be NO
Sexual Orientation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	The answer to this must be NO
EIA3 - Does the proposed policy/processes contain any language/terms/references/ phrasing that could cause offence to any specific groups of people or individuals?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	The answer to this must be NO
EIA4 - Does the policy/process discriminate or victimise any groups or individuals?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	The answer to this must be NO
EIA 5 - Does this policy/process positively discriminate against any group of people, or individuals?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	The answer to this must be NO
EIA 5 - Does this policy/process include any positive action to support underrepresented groups of people, or individuals?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	The answer to this could be yes or no as positive action is lawful. However, an explanation must be provided for clarity.
EIA 6 - How do you know that the above is correct?	The policy has been subject to consultation with finance colleagues, the Audit & Risk Committee and Corporation Board.		

1. GENERAL POLICY STATEMENT

The Charity Commission of England and Wales (Charity Commission) expects that the Governing Board of a charity decides, publishes, implements and monitors its Charity's Reserves Policy so it can comply with its legal duties to:

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

Reserves are the part of a charity's funds that are freely available to spend on any of the charity's purposes.

Reserves are held to make sufficient provision for potential future cash flow requirements and contingencies (such as dealing with unexpected emergencies, taking advantage of opportunities that arise etc.)

This policy has been agreed with due regard to the guidance provided on the annual Education Skills Funding Agency's (ESFA) College accounts direction 2023 to 2024 and Charity Commission's guidance provided under "Charity reserves: building resilience" (Published 29 January 2016)

The aim of this policy is to provide sufficient information for stakeholders to explain funds held in reserve in the Annual Report.

2. MANAGEMENT OF RESERVES

It is the view of the governors that the most appropriate basis for NCG's reserves policy is managed cash and investments (Cash Reserves). This is calculated as follows:

	£000s
Current Asset Investments	X
Cash and cash equivalents	X
Future Expenditure Commitments	(X)
Cash Reserves	X

NCG will hold cash reserves of £10m **and** a minimum of 25 days operational requirements, in order to provide ongoing financial security the operational target will be to hold equivalent to 40 days.

The policy will be reviewed annually ahead of the financial year end.

3. STATEMENT ON IMPLEMENTATION

Upon approval, this policy will be uploaded to the policy portal and communicated to staff via The Business Round-Up.

4. STATEMENT ON EQUALITY AND DIVERSITY

NCG is committed to providing equality of opportunity. Further details of our aims and objectives are outlined in our [Equality Diversity Inclusion and Belonging Strategy](#).

This policy has been assessed to identify any potential for adverse or positive impact on specific groups of people protected by the Equality Act 2010 and does not discriminate either directly or indirectly. In applying this policy, we have considered eliminating unlawful discrimination, promoting equality of opportunity and promoting good relations between people from diverse groups.

5. STATEMENT ON CONSULTATION

This policy has been reviewed in consultation with senior finance colleagues and as part of the consultation process will be presented to the Audit and Risk Committee and Corporation Board for approval.

VERSION CONTROL				
Version No.	Documentation Section/Page No.	Description of Change and Rationale	Author/Reviewer	Date Revised
1	N/A	New Policy	Head of Group Finance	July 2023
2	Full Review	Scheduled annual review with following changes: <ul style="list-style-type: none">• Minor amendments made• Transferred to new template• Review period changed to 3-year cycle.	Head of Group Finance	May 2024