Reserves Policy

1 Introduction

1.1. The trustees of The Municipal & Owen Carter Almshouse Charities take the view that reserves are essential to maintain the ongoing viability of the charity.

1.2 The Municipal & Owen Carter Almshouse Charities will consider whether it is appropriate to set aside designated reserves including transfers to Extraordinary Repair Fund (ERF), Cyclical Maintenance Fund (CMF) and General Reserve funds each year. These are designated funds and not regarded as Free reserves (see below for further details).

1.3 Restricted funds are in addition to designated reserves as described above. The nature and amount of any such Restricted funds may impact upon the Reserves Policy. The starting point for calculating designated reserves will normally be the unrestricted funds, however part of these may not be readily available or realisable for spending and may not be available for transfer to designated reserves. This may include certain tangible fixed assets and any programme related investments.

1.4 The level of reserves will be kept under review throughout the year by the Trustees.

2 Extraordinary Repair Fund (ERF)

This designated fund will be used for future major expenditure and transfers will be made from the Income and Expenditure Account. The fund may also be used for major refurbishment projects and, should the balance grow sufficiently, consideration will be given to the provision of further almshouses in accordance with the charity's objects. Consideration will also be made to invest this fund in investment funds, however the timing of when major items of expenditure will occur will also be reviewed.

3 Cyclical Maintenance Fund (CMF)

This designated fund, to which transfers are made from the Income and Expenditure Account, will be used to meet maintenance costs occurring at regular intervals e.g., refurbishing kitchens and bathrooms, interior and exterior redecoration and the cost of professional fees such as for Quinquennial Inspections.
The charity will be funding most of the repairs and maintenance from the current account in order to avoid drawing fuds from the CMF fund at the wrong time (i.e. what share value decrease due to events which are out of the charity control). When funds are low in the current account due to the above expenditure, funds will be transferred over from CMF to top it up.
The charity reviews it's Maintenance Budget annually

4 General Reserve Fund

4.1 The Municipal & Owen Carter Almshouse Charities recognises the need to have sufficient funds in reserve readily available or investments convertible into cash to cover day to day expenditure, especially in the event that there is a reduction in WMC income following the departure of residents pending new residents being appointed.

In order to mitigate this risk, the trustees have calculated that free reserves of £54,500 would be needed to allow the charity to operate for at least (6) months without income from WMC.

The charity has also Considered and agreed that it is extremely unlikely for all income to cease at once.

The **CCLA** fund (March 25 – circa £55k) was agreed to be the designated fund for this General Reserve Fund.
When required – it will take 3 – 5 days to withdraw the money out, by using Sell / Transfer Units form that can be found on ccla.co.uk website.

4.2 The Municipal & Owen Carter Almshouse Charities recognises the need for investment income to meet the regular excess of costs over monthly maintenance contribution (MMC income) and has resolved to maintain reserves amounting to £54,500 to generate such income.

5 Review date: June 2026

6 This policy has been approved for issue by the board of trustees of The Municipal & Owen Carter Almshouse Charities.

L J Holt
Signature: ....
Lucy Holt (Jun 24, 2025, 2:23pm)

Names: Yuval Salomi, Lucy Holt

Date: 3rd June 2025

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