

CHRIST CHURCH  
**STUDENTS'  
UNION**



**'to better student life and enrich students' experiences'**

## **RESERVES POLICY**

<b>Officer Champions</b>	<b>President (Engagement &amp; Sports) Students' Union President</b>
<b>Staff Champions</b>	<b>Head of Business &amp; Development Chief Executive Officer</b>
<b>Approval bodies and date passed</b>	<b>Board of Trustees, 8 October 2021</b>
<b>To be reviewed by</b>	<b>October 2024</b>

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### 1. Preamble

- a. This Policy will provide guidance to the Board of Trustees and the Finance & Risk Committee when considering capital expenditure or significant decisions that may affect the Union reserve levels and to aid strategic planning and budgeting processes.
- b. The Policy is based on legal requirements and the advice from the [Charity Commission](#).
- c. The Policy should be submitted with the Charities SORP accounts along with an explanation of the current reserves of the Union and how the Reserves Policy is being adhered to.

### 2. Definition of Terms

- a. **Annual Report** – means the Trustees Annual Report under the Charities Act.
- b. **Charities SORP** - Charities Statement of Recommended Practice prepared by the Charity Commission in 2005 sets out the recommended practice for preparing the trustees' annual report and accounts.
- c. **Articles of Association** – this is the main governing document of Christ Church Students' Union which sets out its purposes and how it is managed. This was updated in April 2021.
- d. **Trustee** – a charity trustee of Christ Church Students' Union. These are the people who are individually and collectively responsible, both morally and legally, for the control and stewardship of the Union.
- e. **Reserves** – money the Union has set aside to ensure financial stability in the event of a significant adverse effect on income or a large unexpected expenditure. Examples

could be the withdrawal of funding by the University or a significant exceptional employer pension contribution request.

- f. **Unrestricted Reserves** - reserves available to the Union's trustees to spend on the charitable purposes of the Union. They do not include any endowments, restricted or designated funds, nor do they include funds that could only be realised by disposing of fixed assets or stock in trade (or working capital).

### **3. Aims and Objectives of this Policy**

- a. This Policy has the following objectives, some of which are legal requirements and some are considered best practice:
  - i. Charity law requires any income received by a charity to be spent within a reasonable period of receipt. Excess reserves can tie up charity money that by law should be spent on the charitable purposes of the Union, but insufficient reserves put the Union's solvency and the future of achieving stated charitable objectives at risk. This Policy sets out the target reserves and the rationale for that target.
  - ii. Union funds must be used appropriately, prudently, lawfully and in accordance with the Unions' purposes for the public benefit as outlined in the Articles of Association. This Policy sets out how Christ Church Students' Union will use funds prudently and lawfully.
  - iii. Trustees of Christ Church Students' Union should be able to justify the holding of income as reserves. This Policy will enable trustees to do this, whilst remaining accountable to the main stakeholders and funders of the charity and to members.

### **4. Operating Environment**

- a. The Union operates in an Higher Education sector that is less stable than has historically been the case with significant changes expected in the coming years, both in legislation and financing for the sector. The opportunities for generating revenue from non-charitable purpose activity continues to be limited and challenging for Christ Church Students' Union, even before accounting for the impact of COVID-19 pandemic.
- b. Block Grant income - this is the main source of income and currently agreed annually. Although this has fluctuated up and down in cash terms in recent years, and is not guaranteed, the Union has a strong partnership with the University and the COVID-19 pandemic has demonstrated the importance of a stable income source.
- c. Trading - the subsidy for the commercial services in the St. George's Centre are the responsibility of the University. This has removed a significant financial risk from the Union and reduced the need to hold large sums in reserves.
- d. Premises - the Union's most significant strategic ambition is to move office and people back to the main Canterbury Campus in the very near future. To facilitate this, the Union will be required to contribute to the capital works.

## **5. Using Reserves**

- a. The proper use of reserves is detailed in the Financial Procedures, the Delegation of Authority and the Financial Memorandum with Canterbury Christ Church University.
- b. Trustees may consider the need to invest reserves. Trustees should only invest reserves in a way that they will still be readily available as cash if required.
- c. Trustees may consider the need to spend reserves if they become 'excessive', as required under charity law. In this instance they may only be used to further the charitable purposes of the Union.

## **6. Reserves Policy**

- a. The Union is currently exploring how to achieve moving operations to the main Canterbury Campus, which will require the use of some existing reserves. In the future the Union may directly employ staff which will expose the Union to additional financial risk.
- b. It is proposed that Christ Church Students' Union should hold in reserve a minimum of 15% of annual grant income. In 2022/23 this equates to £135k.

## **7. Current Reserves**

- a. As at 30 June 2022 the reserves net of restricted or designated funds were £311,588. This equates to 35% of grant income in the 2022/23 financial year.
- b. These levels of reserves are considered to be very healthy and compare favourably with other students' unions and those of comparable charities, and although in excess of the minimum target, trustees consider this to be prudent given the external uncertainties in the HE sector and the items identified on the Union's Risk Register.

## **8. Canterbury Campus Designated Fund**

- a. A strategic priority for the Students' Union for a number of years is to move Union Staff and the office to the main Canterbury Campus, in recognition that the Union can be more effective at achieving stated charitable objects by being closer to the membership. This now has broad support within the University, but there are challenges in terms of space and financing that will make this more difficult to realise.
- b. To further progress this objective, and in recognition of the Union's healthy reserves position, trustees give an indication that up to £150,000 of the Union's reserves can be utilised to realise the ambition of moving back onto the Canterbury Campus, subject to a static risk profile and continued positive financial performance.
- c. This declaration is not the formal creation of a designated fund, but a statement of intent that is subject to a further discussion concerning specific proposals and costs.