BDEF CIO (Bristol Disability Equality Forum)
Agreed by Board: March 2026

Signed: Trustee Board

To be reviewed: March 2027

BDEF CIO Reserves Policy

Contents

Introduction

BDEF (Bristol Disability Equality Forum) CIO is committed to maintaining financial stability to ensure the sustainability and continuity of services supporting our service users and community. This Reserves Policy outlines our approach to establishing, managing, and reviewing reserves in line with the requirements of English Charity law and guidance from the Charity Commission.

Definition of Reserves

Reserves are the part of the charity's unrestricted funds that are freely available to spend on any of the charity's purposes. This excludes restricted funds, endowments, and any designated funds set aside for specific future projects.

Purpose of the Policy

The purpose of this Reserves Policy is to:

- Provide a framework for managing reserves in a manner that aligns with BDEF CIO's charitable aims and ethical commitments.
- Ensure that BDEF CIO maintains an appropriate level of financial reserves to safeguard its operations, meet unexpected needs, and support planned future activities.
- Ensure sufficient reserves are maintained to meet obligations in the event of unplanned closure, safeguarding BDEF CIO's mission and service continuity.
- Support strategic growth and resilience in line with BDEF CIO's Investment Policy (when created) and overall financial management framework.

Policy Objectives

In line with Charity Commission guidance, this policy aims to:

- Hold a minimum reserve level calculated to meet essential obligations and maintain a stable financial footing for the charity.
- Provide flexibility for Trustees to set aside additional reserves for anticipated strategic needs, supporting organisational resilience and sustainability.
- Regularly review and adjust reserve levels in response to financial risk assessments, strategic goals, and evolving operational needs.

Reserve Calculation and Maintenance

The target reserve level is calculated based on the following elements:

- **Unplanned Closure Costs:** This includes estimated redundancy liabilities, lease commitments, and other financial obligations required to wind down operations in an orderly manner if necessary.
- **Three to Six Months of Operating Costs:** An additional reserve provision to cover three months of essential service costs, ensuring a stable transition for service users and stakeholders in the case of unexpected operational disruptions.

Additional Reserve Provision

Trustees may choose to hold further reserves to address specific foreseen needs that enhance BDEF CIO's financial stability and adaptability. Examples include:

- **Relocation Costs:** In anticipation of potential office relocation or expansion.
- **Staff Pay Increases:** To underwrite cost-of-living adjustments or other salary-related commitments.
- **Investment in Infrastructure Upgrades:** To support upgrades or replacement of essential infrastructure, such as IT systems, office equipment, or facilities.
- **New Roles or Projects:** To create or expand roles and projects in response to emerging needs or strategic priorities, allowing BDEF CIO to adapt flexibly and proactively to demand for services.
- **Contingency for Policy or Legislative Changes:** To meet new compliance or operational requirements resulting from changes in relevant policies or laws, ensuring ongoing alignment with legal and regulatory standards.
- **Capital Investment:** For significant asset purchases or investments, such as vehicles, property, or technology, which support BDEF CIO's long-term operational strategy.

These decisions will be based on anticipated needs and organisational priorities, with final approval by the Board of Trustees to ensure alignment with BDEF CIO's mission and financial health.

2026/2027 Reserves Costing Goals

6 months operational costs: £108,952.11

Redundancy liability estimates: £5000

Lease notice period costs: £5500 (6 month notice needed)

Total that needs to be in reserves for 2026/2027: £119,452.11

Review and Approval Process

- The Board of Trustees will review the Reserves Policy annually as part of BDEF CIO's budget-setting process.
- The Finance Subcommittee, in collaboration with the Director, will ensure that the reserve level aligns with strategic and financial planning, reporting any adjustments to the Board of Trustees.
- Reserve allocations exceeding the minimum level may be designated for specific strategic initiatives, only after a full risk assessment and subject to the approval of the Board of Trustees.

Utilisation of Reserves

Reserves will only be drawn upon with Board approval and are intended primarily for situations that threaten BDEF CIO's financial stability or necessitate an orderly reduction or closure of services. This includes:

- **Organisational Wind-Down:** To cover the costs of winding down operations in the event of an organisational closure, ensuring an orderly transition for staff, service users, and stakeholders.
- **Loss of Key Contracts:** To manage a responsible wind-down or restructuring should BDEF CIO lose essential contracts.

Additional circumstances where reserves may be accessed include:

- **Operational Shortfalls:** To cover unexpected funding gaps, ensuring minimal disruption to service delivery.
- **Strategic Investment:** To support major projects aligned with BDEF CIO's long-term objectives.
- **Emergency Situations:** In the event of financial or operational crises, funds may be accessed to maintain essential services and cover contractual obligations.

Ethical Considerations and Compliance

BDEF CIO's approach to reserves reflects its commitment to ethical and responsible financial management. This policy aligns with:

- **Charity Commission guidance on reserves management**, ensuring that reserve levels support BDEF CIO's mission while safeguarding funds.
- **Investment Policy (when created) compliance** by ensuring reserves are managed within a framework that promotes financial stability, ethical responsibility, and alignment with BDEF CIO's values.

Monitoring and Reporting

- The Finance Subcommittee will monitor reserve levels as part of its meetings.
- **Annual Financial Statements:** Reserves will be clearly identified in BDEF CIO's financial statements, including an annual report outlining reserve management and any changes made to the policy.

- **Transparency:** This policy and associated reserve reports will be shared with stakeholders to maintain accountability and transparency in BDEF CIO's financial governance.

Versions

There is an Easy Read version of this document in development. When it is finalised and signed off, it will be linked to here.

Review

This procedure shall be reviewed every 1 years upon its adoption. An earlier review may take place if:

- We approve a proposal that changes the policy
- There's a change to the organisation that will change the policy
- There's a change in the law that affects the policy