

RESERVE POLICY FOR SOUTHWARK CITY TENNIS CLUB

Southwark City Tennis Club

A formal policy on reserves was last agreed at the AGM on 11 November 2016. This document replaces this and was submitted for approval at the December 2017 AGM.

The Board has set a reserves policy which requires:

- Reserves be maintained at a level which ensures that Southwark City Tennis Club (the Club) organisation's core activity could continue during a period of unforeseen difficulty.
- A proportion of reserves be maintained in a readily realisable form.

The calculation of the required level of reserves is an integral part of the organisation's planning, budget and forecast cycle. It takes into account:

- Risks associated with each stream of income and expenditure being different from that budgeted;
- Planned activity level;
- Organisation's commitments.

Introduction;

This statement sets out the reserve policy of the Club and will be reviewed periodically as well as forming part of the Trustee's Annual Report.

- Current policy: (as outlined above); The Club became a charity on 8 April 2013 and this is its fourth formal statement of the need for reserves as a Charity.
- Risk assessment: against each category of income and expenditure;

Income –

Fees from memberships are likely to be stable at around £2,000. The Club has also received private donations during the year and along with other activities may raise some £1,500 based on past experience. However, this income is not guaranteed. The Club should be active in raising additional funds to allow an expansion of its activities on a project by project basis.

Expenditure –

In the short term this is low risk as the Club has no ongoing commitments or operating costs beyond the decision to have accounts prepared each year (estimate £500). The Club can choose its expenditure on a project by project basis.

The operation of community tennis activities by Be Active Social Enterprise CIC is not supported by a long-term lease. Should Be Active not secure a future lease or cease operations then the Club would wish to maintain as much of the community programme as possible. This may require significantly higher expenditure. Reserves of £7,000 would allow some continuity in the programme in this event.

Southwark City Tennis Club is proposing to allocate £45,000 as a designated fund to support the installation of additional courts at Burgess Park. The rationale for this is that the members and local community would benefit dramatically. The overall project cost is currently estimated at well over £700,000. While representing a small percentage (5%) of the total budget it is believed that the designated fund will be an important component in demonstrating the commitment of the Club and local community and will provide a higher chance of grant applications being successful by providing an element of matched funding. In late 2015 Southwark Council produced a Master Plan for Burgess Park which shows the replacement of the current 1.5 courts with 4 courts. It is encouraging to see this being set out formally

by the Council but without a specific timetable or funding plan. The Council were also able to commit £103,000 to resurface 6 of the 7 courts at Burgess Park in 2017. Southwark Council is focused on delivering a new project for the Community Sports Centre in Burgess Park (with planning permission set to go in February 2018) and an Urban Games area by the BMX track in Burgess Park. The Council will also be developing a plan for public tennis during 2018. The net result of these is that no facility development for tennis is likely in 2018 or 2019. In the event that the project is not to go ahead then the Club's designated fund will be closed and the funds reallocated.

For background the definition of a designated fund is as follows:

Designated funds are part of the unrestricted funds which trustees have earmarked for a particular project or use, without restricting or committing the funds legally. The designation may be cancelled by the trustees if they later decide that the charity should not proceed or continue with the use or project for which the funds were designated.

Source: <http://www.charitycommission.gov.uk/publications/cc19.aspx> (published 29/01/2016 and visited 8/12/2017)

Current reserves level.

As of 8 December 2017 the club had assets of £57,351 held in Business Money Manager and Current Accounts at HSBC. A negligible rate of interest is received on these funds. As set out above the amount is comprised of

1. £45,000 as a designated fund for covered courts due in the next two years and
2. £7,000 is held as a reserve.
3. The balance and any future fundraising is available to cover 2017/18 project expenditure and auditing costs.

Further investigation of whether a better return can be made on a very low risk investment of the £45,000 designated fund will be made by the Trustees. The investment requirement is that the capital is not put at risk and that the funds can be accessed within 9-12 months. Any such investment would have to be in line with the Powers given to the Trustees under the Articles of Association for a Charitable Company

-- END --