



Food Foundation Reserves Policy

Reserves Strategy

Reserves are needed to ensure the stability of FF's mission, meeting its financial obligations as and when they become due. Requirements are predominantly to assist with the peaks and troughs of cashflow; any unforeseen operational costs such as resource cover for long term sickness; to allow time to organise alternative funding should a funder(s) withdraw their funding for any reason; to be able to react to an unplanned opportunity; and for any unplanned organisational closure event in a clean and appropriate manner.

Reserves will be funded with surplus unrestricted operating funds. The trustees aim to maintain free reserves in unrestricted funds at a level which equates to approximately three months or 25% of operational cost expenditure plus potential statutory redundancy liabilities.

Reserves Position

At the end of the year our unrestricted funds amounted to £460,187 (£532,292 year ended 31st August 2023). Of the £460,187, £260,500 represents our 3 month 'untouchable reserve pot' (2023, £223,000), leaving a free unrestricted balance of £199,687 which will be spent throughout the next year based on charity needs.

Unrestricted Reserves Target

Based on a forecast cost base for financial year ending August 2025:

Annual operational costs of £1,118k x 25% = £280,000 + £25,000 rounded up liability allowance = £305,000.

Reserves Accounting Treatment

The reserve fund will be recorded within FF's financial records as 'Funds' and will be maintained within FF's general bank account.

Reserves Investment

There are no immediate plans to consider investment of any reserves until they reach a material level where it would be beneficial for FF to do so.

Reserves Usage

Identification - The Executive Director will oversee and identify the need for access to reserve funds and confirm that the use is consistent with the purpose of the reserves as described in this Policy. This step requires analysis of the reason for the shortfall, the availability of any other sources of funds before using reserves, and evaluation of the time period that the funds will be required and replenished.

Authority

Authority for the use of operating reserves is held by the Board of Trustees.

Reserves and Policy Review

The reserves position is reviewed regularly on a monthly basis by the Executive Director supported by the Audit, Risk and Compliance Committee and reported and further reviewed by the trustees on a quarterly basis. Should there be any material impact to the reserves position between the trustees' reviews it will be raised accordingly to the trustees as an adhoc item and consideration given to whether an update to the policy is needed before the policy's formal annual review.

The reserves policy and level of reserve requirement is reviewed regularly and as a minimum, on an annual basis at each year end.

Communication

This policy is available within our website - <https://foodfoundation.org.uk/>

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