

## Reserves Policy – January 2022

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### CHIPS needs a Reserves Fund to:

Meet contractual liabilities should the charity have to close. This includes contractual obligations to staff, amounts due to creditors and commitments under leases. Once those commitments are met, we also have a moral obligation to provide as much support as possible to our young people to help them transition to other services. This is of particular importance for our children on the autistic spectrum that may struggle a great deal with transitions.

To meet unexpected costs such as the breakdown of essential equipment, office IT equipment, staff illness cover, maternity leave, parental leave, and legal costs defending the charities interest.

To replace scheme equipment as it wears out.

Ensure that the charity can continue to provide a stable and quality service to those who need them. Within this context to minimise recruitment, staff training, staff induction and marketing costs by avoiding the need for redundancies caused by financial crisis. This includes both our schemes and our office team.

To provide working capital when funding is paid in arrears or to provide a bridge in case of a primary funding stream being closed down. If the Reserves Fund is used in this way, it will be replaced at the earliest opportunity when further unrestricted funding becomes available.

### CHIPS's Current Funding Structure

CHIPS is currently funded by Hertfordshire County Council under the Short Breaks Local Offer. This only covers children aged 5-18 for a set number of hours per year, and not siblings. The rest of our expenditure is found and raised by the charity's own fundraising and grant applications.

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Under the current contract framework, CHIPS invoices HCC on a quarterly basis for the annual contracted amount divided by four.

Some grant funders repeat their funding each year, although typically the grants CHIPS receives are for specific projects/items/outings rather than general funding.

### Level of Reserves

CHIPS Trustees will look to optimally maintain twelve months of reserves, which includes a minimum of six months running costs in reserves at all times to include our busiest period – the Summer Schemes and seasonality of funding and income for the charity. The policy is built toward a worst-case

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scenario in the charity needing to begin the closing process just before the Summer Schemes are about to run.

Should the level of reserves fall below the stated target levels, Trustees will meet to discuss the impact and agree an appropriate plan of action to resolve the shortfall and ensure the long-term sustainability of the charity.

