



## Reserves Policy

### Reason for the Reserves Policy

Hurting to Healing is currently partially funded by a major grant from the Big Lottery (from 1 May 2016 – 30 April 2021). Annually, Hurting to Healing raises over £50,000 to supplement the Big Lottery grant. Hurting to Healing cannot depend on receiving a further grant from the Big Lottery, particularly as they anticipate a high demand for continuation funding.

Hurting to Healing provides long term therapy for adults who have been abused in childhood, many of whom have complex and longstanding issues. Withdrawal of the service Hurting to Healing provides may result in significant increases in mental health issues, with the potential for clients to revert to self harming coping strategies due to their increased vulnerability. Hurting to Healing is mindful of the lack of appropriate alternative services available to meet their urgent needs in the local area.

In order to manage the impact on clients, and to comply with the mission of Hurting to Healing, it is prudent that Hurting to Healing is able to continue to operate for at least one year after the ending of the current major funding from the Big Lottery.

Before the current Big Lottery grant ends, the Trustees need to consider the financial viability of the charity and whether it is possible to continue with a new financial model, either raising funds from alternative sources or drastically reducing costs.

Holding a full year's funding in reserves would allow time for:

- a) Trustees to take a considered view on the future viability of Hurting to Healing and/or
- b) Planned endings and referrals to other services to take place for existing clients and for specific short-term work to be offered in order to maintain a valuable service without creating an expectation beyond the potential financial life of the charity.
- c) Human Resources management with regard to employees and volunteers.

### When reserves will be used

At present reserves can be used to cover any shortfall in funding the organisation's costs. Funds primarily come from the Big Lottery, other donations and client contributions; without the Big Lottery grant Hurting to Healing would not currently be financially viable in its present form.

With effect from 30 April 2021 Hurting to Healing may not be receiving any Big Lottery grant, and the Trustees may at that time use reserves to fund all expenditure, if necessary.



### Level of Reserves Required

Based on the above, by 30 April 2021 Hurting to Healing aims to hold one year's expenditure in undesignated reserves.

### Sustainability

Hurting to Healing will work towards sustainability. At the beginning of each financial year the Trustees will create a business plan, including considering diversifying funding streams and looking at innovative ways of income generation. An annual income generation plan will be developed which will include a plan for an increase in reserves to a level which will fund the service for a year from 1 May 2021. A review of the Reserves Policy and levels of Reserves held will be conducted in parallel.

### Procedure at year end

Any surplus will be automatically allocated as reserves and a record of the total amount of reserves held will be recorded.

### Monitoring of reserves

Hurting to Healing will regularly monitor the charity's reserves:

- a) at each Trustee meeting, financial information presented will also include the current level of reserves held and any actions required in this regard will be minuted.
- b) this policy will be updated at least on an annual basis.

### MEASURABLE INDICATORS OF IMPLEMENTATION

1. Hurting to Healing will clearly be able to identify the level of reserves available at any time.
2. Hurting to Healing will be able to include in its business plan a provision and resources for the generation of sufficient income to include a proportion towards reserves.
3. Hurting to Healing will be able to monitor the level of reserves needed on an ongoing basis and be able to take into account changes in income streams, the cost of the provision of services and ongoing sustainability of the services delivered by the organisation.
4. Hurting to Healing will be able to demonstrate transparency on the levels of reserves held, and for what purpose

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