

Financial Reserves Policy

Introduction

As an organisation with diverse income streams including significant levels of grant aid, Active Norfolk needs to ensure that reserves are clearly defined, held in sufficient quality for immediate and longer term business need but also utilised in a way commensurate with the monies for short, medium and long term objectives. In order to do this, Active Norfolk needs a certain level of financial reserves for the purposes outlined below, operated within agreed procedures by the Board but also in line with relevant financial protocol of Norfolk County Council, the host agency.

To demonstrate best practice, comply with Sport England funding conditions and DCMS Tier 3 requirements, the Board agree to uphold this policy and to keep it under regular review (minimum annually).

Definition of Reserves

For the purposes of this policy, financial reserves are defined as both restricted and unrestricted surplus funds. The reserves are made up of four categories of reserves. The reserve categories will be as follows:

Board Contingency Reserves

Board contingency reserve is made up of reserves which are not restricted by partners. The Reserve is to be held for the following reasons:

- to cover redundancy costs and other related costs if Active Norfolk was dissolved.
- The Board must approve access to these reserves.

The Board Contingency Reserve should remain above a level of 6 months of operational costs (based on the relevant years budget). Changes to the limit of the contingency reserve must be agreed by the Board.

Sport England Restricted Reserves

Sport England Restricted Reserves are made up of funds which are restricted by Sport England for explicitly specified projects which have not been spent. These amounts will be drawn down (or returned) in line with the requirements set by Sport England and may not be used for any discretionary purpose.

Partner Restricted Reserves

Partner Restricted Reserves are made up of funds which are restricted by partners of Active Norfolk including (but not limited to) Public Health, Adult Social Care and the ICB. These amounts are held on behalf of the partners and drawn down within the requirements set by the partners. These reserves should only be used against these explicit work areas unless with express permission of the relevant partner.

Board General Reserves

Board Restricted reserves are made up of funds which are not restricted by any partners of Active Norfolk and are surplus to the Contingency Reserve. These reserves are held for the purpose of funding future projects and possible future deficits. To draw down on the reserves, management must seek board approval.

Whilst the nature of reserves with multiple funding streams can be complicated, the Director and Operations Manager will provide the Finance, Risk and Audit Committee and annual summary of reserves based on the above four categories to ensure compliance with the policy and relevant business planning.

Review schedule:

Revision date	Reviewed by	Board approval	Date of Board approval
15 th July 2022	K Tuck	Pending	21 st September 2022