

# Parish Reserves Policy

The Trustees of the PCC of St John with St Andrew, Chelsea have noted the Charity Commission's guidance document entitled "[Charity reserves: building resilience](#)" Updated 14 June 2023. In determining the need for reserves, the trustees have considered the following:

Sources of Income are concentrated:

1. A significant proportion of income comes from a relatively small number of supporters. Should any of these donors be significantly impacted by any serious economic downturn or suffer other financial harm, reserves may be needed to cover any resulting loss of donation income.
2. An even more significant proportion of income (55%) comes from rental of our church buildings. Should the buildings become unusable due to unforeseen events reserves may be needed to cover any resulting loss of income.

Large amounts of Expenditure are contractual, or recipients rely heavily on our support:

3. The PCC wants to be able to fulfil its obligations to its employees and Mission Partners, even if its income is insufficient to cover those obligations on a temporary basis.
4. The PCC wants to be able to respond appropriately to any international, national or local parish events where it can offer practical, pastoral or spiritual help.

Furthermore, the PCC wants to build in resilience and flexibility to cover the risk of unforeseen emergency or other unexpected need for funds. In this context, the PCC members are aware of their obligations as trustees and stewards of the buildings and assets in their care and want the financial flexibility to be able to address any unscheduled expenditure or emergency repairs necessary to fulfil their obligations.

In setting this reserves policy, the trustees have expressly considered the impact of the PCC's spending commitments, potential liabilities and the financial outlook. As a result, the trustees have decided to set a **minimum reserves level of £62.5k**. In agreeing this figure, the PCC considered the extreme hypothetical situation where St Andrew's Church would be unusable, and all income related to the building would cease. A minimum reserves level of £62.5K would cover the income shortfall required to meet 4 months of core costs including staff remuneration, staff housing, supporting Mission Partners and minimum required expenditure on buildings. Four months is considered a viable time period within which to assess the future of the building and determine a longer-term plan with a more sustainable cost structure.

## Monitoring

The trustees consider this to be a comfortable level of reserves, and allows the financial flexibility necessary for the PCC to continue considering new projects, new hires and new investment as opportunities arise. Reserves will be reviewed regularly as part of each Financial Update at PCC meetings

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*Drafted and submitted by the Treasurer – August 2023*

*Approved by Trustees – 4<sup>th</sup> September 2023.*

*Next Policy review date – September 2024.*