



RESERVES POLICY

Starpic Project endeavours to ensure that its employees deliver an acceptable standard of performance for their role. It is Monitor's aim to use this policy as a means of encouraging employees to improve performance wherever possible and provide help and support to restore and maintain effective contribution. However, poor performance can ultimately result in dismissal.

1. Purpose of the Policy

The purpose of this Reserves Policy is to ensure that the Starpic Project (a Scottish Charitable Incorporated Organisation – SCIO) maintains adequate financial reserves to support the continuity, stability, and strategic development of its charitable activities. This policy provides guidance to trustees on the management, monitoring, and justification of reserves in a responsible and transparent manner.

2. Definition of Reserves

For the purpose of this policy, “reserves” are the part of the charity's unrestricted funds that are freely available to be spent on any of the organisation's purposes.

Reserves exclude:

- Restricted funds
- Fixed assets not readily convertible to cash
- Designated funds set aside for specific future purposes
- Any committed expenditures or liabilities

3. Objectives of Holding Reserves

Starpic Project holds reserves to:

1. Ensure financial stability in the event of unforeseen income fluctuation or unexpected expenditure.
2. Protect core services and beneficiaries by allowing time to adapt or fundraise during financial challenges.
3. Support planned future investment, including operational development, technology, or infrastructure improvements.
4. Manage risk, including operational, strategic, and external risks identified in trustee risk assessments.

4. Target Level of Reserves

The Trustees of Starpic Project aim to maintain unrestricted reserves equivalent to:

- 3–6 months of core operating costs, or
- A specific monetary target reviewed annually.

This level is considered sufficient to enable the charity to:

- Manage temporary cash-flow issues
- Respond to emergencies
- Ensure an orderly winding-down of activities if necessary

The exact reserve target will be recalculated annually based on the organisation's financial position, risk profile, and strategic priorities.

5. Monitoring and Review

- Reserves will be monitored quarterly by the Treasurer and reported to the Board of Trustees.
 - A full review of the Reserves Policy will take place annually, or sooner if circumstances significantly change.
 - Trustees will ensure that any significant deviation from the target reserve level is analysed and addressed with an appropriate action plan.
-



6. Use of Reserves

Reserves may be drawn upon to:

- Mitigate short-term financial pressures
- Fund urgent or essential unplanned expenditure
- Support strategic projects that contribute to long-term sustainability

Any use of reserves must be:

- Approved by the Board of Trustees
 - Supported by a clear rationale outlining impact and repayment (if applicable)
 - Documented in the charity's financial records and reported in the annual accounts
-

7. Building Up Reserves

Where reserves fall below the target range, the charity will seek to rebuild them through:

- Budget surpluses where possible
- Strategic fundraising
- Cost efficiencies and prudent financial management

Trustees will balance the need to rebuild reserves with the requirement to deliver charitable activities effectively.

8. Transparency and Reporting

- The organisation's reserves position and policy will be disclosed annually in accordance with OSCAR reporting requirements for SCIOs.
 - The Trustees will provide clear explanations for:
 - Any material changes in reserve levels
 - Reasons for holding reserves
 - Any designation of funds
-

9. Roles and Responsibilities

- Trustees: overall responsibility for the policy, monitoring, approval of reserve use, and annual review.
 - Treasurer: operational monitoring of reserves, reporting to the Board, and ensuring compliance with charity accounting standards.
 - Management/Operational Team (if applicable): implementation of financial planning aligned with the reserves policy.
-

10. Policy Approval

This Reserves Policy was approved by the Board of Trustees of Starpic Project (SCIO) on:

3rd December 2025

Signed:

Chair of Trustees: *C. Cooney*