



Doncaster Housing
for Young People

Doncaster Housing for Young People Limited

Financial Reserves Policy	
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Approved by:	The Board of Trustees
Date:	23 rd June 2025
Signed by:	
Name:	Mark Brennan
Position:	Chair of the Board of Trustees
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Registered Charity Number 1138554 Company Registration Number 7313040	

Doncaster Housing for Young People

Reserves Policy

1.0 Background

- 1.1 Having a reserves policy is an important element of good governance in terms of contingency and service planning.
- 1.2 It is essential for the organisation to understand its financial commitments, including the potential costs associated with winding up the organisation in terms of contractual commitments to staff and suppliers.
- 1.3 As part of the organisation's annual budget setting process, an assessment of its financial commitments will be provided to the Board of Trustees to allow decisions to be made about the level of reserves (otherwise known as unallocated funds) to be maintained.
- 1.4 The Charity Commission for England and Wales has provided guidance for charities on the importance of having a reserves policy that is reviewed on a regular basis (and no less than annually). The Charity Commission emphasises the importance of a reserves policy to Trustees being able to meet their legal duties.¹

2.0 Definitions

- 2.1 The Charity Commission for England and Wales describes reserves as follows:

“Reserves are that part of a charity's unrestricted funds that is freely available to spend on any of the charity's purposes”²
- 2.2 The Charity Commission specifies a number of items that should not be classed as reserves, including:
 - Tangible fixed assets used to carry out the charity's activities, such as land and buildings
 - Designated funds set aside to meet essential future spending [...]
 - Restricted funds
- 2.3 The Charity Commission expects Trustees to monitor the level of reserves during the course of the year which DHYP does through the provision of the monthly and quarterly management accounts; this allows corrective action to be taken if the reserves amount appears to be significantly reducing below the target level or is being significantly exceeded.
- 2.4 The Charity Commission highlights that holding excessive reserves can unnecessarily limit the potential benefits a charity can provide, while insufficient reserves can increase the risk of the charity not being able to continue its activities in the event of financial difficulties.
- 2.5 The Charity Commission guidance (op. cit.) states that “A reserves policy provides assurance [to funders donors and stakeholders] that the finances of the charity are actively managed and its activities are sustainable”.

¹ <https://www.gov.uk/government/publications/charities-and-reserves-cc19/charities-and-reserves>
- downloaded 12.06.2025

² Ibid.

3.0 Reserves Policy

3.1 The organisation has reviewed the Reserves Policy in conjunction with its auditors and confirms a continuing commitment to seek reserves equivalent to three months' expenditure for the charity.

3.2 The Reserves Policy Statement is as follows:

The organisation will seek to maintain reserves equivalent to three months' expenditure, based on anticipated expenditure and taking into account any outgoings of a one-off nature, such as capital spending, which might distort the day-to-day expenditure of the organisation in determining the appropriate level of reserves. This equates to a current reserves target of £98,000.

Any funds beyond this level will be allocated towards service delivery including, but not limited to, the purchase, improvement or development of property to be used for client accommodation.

3.3 In line with Charity Commission expectations, the Reserves Policy will be published on DHYP's website.

4.0 Residential Property Assets

4.1 As highlighted in Section 2 of this policy, the Charity Commission specifies that tangible fixed assets, such as land and property, should not be classed as reserves.

4.2 DHYP holds an interest in two residential properties as follows:

- One wholly owned residential property, currently valued at £132,000
- One residential property (subject to loan finance) which benefitted from a grant of £75,000

4.3 These assets will not be included in the reserves assessment, but they represent a tangible asset that can be referenced in wider financial planning.

5.0 Review

5.1 This Policy will be reviewed annually in consultation with the Charity's auditors.
