

# Reserves Policy

May 2026

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<b>Policy Title</b>	Reserves Policy
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## **1. POLICY STATEMENT**

Healthwatch Lambeth is committed to following good practice in all financial matters.

This policy sets out the amount in reserves that will be maintained to enable Healthwatch Lambeth to meet its obligations in terms of outstanding pay, statutory redundancy payments and any other liabilities in respect of contracted services and leased premises.

It is accepted good practice that organisations maintain three to four months' operating costs. The Board of Trustees have agreed a level of reserves that is sufficient to manage two months' operating expenses and liquidation costs.

The previous reserve level of £150,000 is no longer appropriate given reduced income, costs, and staffing. In addition, £50,000 was spent, as agreed, in 2023/24. For 2025/26, Trustees agreed to reduce reserves to £75,000, covering redundancy costs and two months' operating expenses. The accounts will show £150,000 for 2024/25 and £75,000 for 2025/26.

The Board of Trustees will review the above criteria with reference to Healthwatch Lambeth's strategy and Annual Plan and determine the target level of free reserves to meet these.

The Board of Trustees will at times designate funds from free reserves for significant project costs or replacement of major assets.