



BAPEN RESERVES POLICY

This reserves policy has been drawn up in accordance with guidance set out by the Charities Commission in January 2016¹.

This guidance requires trustees to determine, implement, publish, and monitor their reserves policy such that they can comply with their legal duties of accountability and ensure the charity's solvency in order to allow the charity to continue to pursue its charitable aims.

BAPEN is a relatively small charity with an annual turnover from £300-400k per year. Its main income derives from its membership (industry sponsorship), annual educational conference, and through income received from NHS England for the maintenance and upkeep of the Intestinal Failure Registry. Additional educational grants for specific work streams relevant to the charities aims are sometimes also awarded following competitive submission.

Expenditure relates to contracts awarded for the running of the charity, its activities (including annual educational meeting) and various projects/work streams. Key contracts which cover the general running of the charity include: the BAPEN office and secretariat, PR and communications, BAPEN website, the BAPEN newsletter for members, and the development and maintenance of the intestinal failure registry.

The BAPEN reserves policy therefore is to hold as a reserve a sum equivalent to the annual costs incurred for the general running of the charity, along with amounts to cover the risk of loss of any of the main income streams including failure of the annual conference.

This should be kept in savings accounts with banks or building societies, with no more than the amount covered by the FSCS² in any one bank or building society. The current account should operate with no more than the amount required for 1 month's expenditure (£30-40k). An amount equivalent to 3 months expenditure should be kept in an instant access account, the remainder should be distributed amongst accounts offering higher interest rates, but with a maximum of 90 days notice of withdrawal required.

The target level of reserves should be reviewed on an annual basis as part of the review of the annual accounts. This will enable budgeting adjustments for the subsequent financial year and inform review of key contracts and income streams. Projected expenditure should include the on-going contractual commitments and agreed projects and awards for the coming financial year, as discussed and agreed by BAPEN Executive.

The level of reserves should be monitored throughout the year, with a view to corrective action should the levels of reserves deviate more than 25% from target in either direction. The level of reserves will be discussed as part of the Treasurer's report to each Council and Executive meeting.

¹ Charity reserves: building resilience (CC19): <https://www.gov.uk/government/publications/charities-and-reserves-cc19/charities-and-reserves#step1>

² FSCS (Financial Services Compensation scheme). Available from: <http://www.fscs.org.uk>

Appendix 1

Target range for BAPEN reserves 2019/20

Income (fixed income streams)	
Industry sponsorship for 2019/20	£60,000
Conference income from 2019	2019 £242K
NHS England Payment for IF Registry	£43,722
Projected income 2019	£345,722
Expenditure (estimated for 2019/20)	
BAPEN Office	£36,000
Complete Media	£10,000
PR & Communications	£40,000
Website	£10,000
BANS	£45,000
Annual Conference	£182,000
Total projected financial commitments	£323,000

Forecasts for 2018-2020

The previous BAPEN financial reserves policy (of £233,000 set in 2015), did not take into account anticipated income from the annual conference nor overall expenses related to the organisation of this. Since the annual educational conference is the single largest source of income for the charity, and represents a significant expense, it is important that this be reflected in the reserves policy. This is because failure of the conference would represent a considerable financial risk to the charity.

Although there was a trend of reducing industry sponsorship from 2010 onwards, in the last 4 years income from industry sponsorship has stabilised. Income received from industry through exhibition at conference has also remained stable over the past 5 years.

2018 annual conference generated a surplus of £60k. It is anticipated that conference 2019 will generate a surplus in excess of £60k. This will enable BAPEN to continue to build upon existing financial reserves to build a more financial sustainable situation.

BAPEN will continue to develop resources for its members and work to promote the importance of good nutritional care. It has implemented a strategy to increase the number of individual members and continues to explore additional sources of funding for projects.

The financial reserves at the end of 2017 were £222,000. At the end of 2018, reserves were £278,000. If the projected minimum surplus is realised from conference in the years 2019 to 2020, alongside maintenance of income as outlined above; then it is projected that the BAPEN reserves will increase to £300,000 in 2019, and £320,000 in 2020.

The Treasurer considers that an appropriate figure for financial reserves over this period to be set at a level of £320,000. This would enable greater financial security and mitigate any potential risk relating to failure of the annual conference. The financial reserves will continue to be reviewed as part of the Treasurer's report at every Executive and Council meeting.