



RESERVES POLICY

1. Introduction

This reserves policy has been drawn up in accordance with guidance set out by the Charities Commission updated 14th June 2023¹.

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 that has increased to around £600,000 per year. Its main income derives from its membership (industry sponsorship), annual educational conference, licencing for intellectual property for use in medical support by industry ('MUST' – Malnutrition Universal Screening Tool) 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.

2. Purpose of the Policy

This policy is designed to ensure that the Trustees can comply with their legal duties to act in the interests of BAPEN and its beneficiaries, protect and safeguard the assets of BAPEN, act with reasonable care and skill and ensure BAPEN is accountable for the funds it receives.

3. The Policy

3.1. Expenditure

Expenditure relates to contracts awarded for the running of the charity, its activities (including the annual educational meeting) and various projects/work streams. Key contracts which cover the general running of the charity include: the BAPEN office and secretariat (including conference contract), PR and communications, BAPEN website, running and maintenance of the Intestinal Failure Registry, data gathering processes such as Malnutrition Awareness Week, the BAPEN newsletter for members, and development of e-learning materials.

3.2. Reserve Sum

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. The COVID-19 pandemic stressed the previous Reserves Policy, especially given the prolonged inability to hold the annual conference in any other format other than virtual which reduced income greatly.

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 (£35-40,000). An

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> Date of review: January 2020

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. Investment of funds beyond the reserves for future projects to earn interest is proposed.

3.3. Review

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.

Date of Policy: January 2020

Last Reviewed: October 2024

Date of next Review: October 2025

APPENDIX 1 Target range for BAPEN reserves 2024/25

Industry sponsorship for 2021 £82,850 increasing to 2022 £93,850	projected £178,660 2023
Conference income 2021 £16,928 (virtual)	vs expenditure £24,839
Conference income 2022 £278,061	vs expenditure £192,105
Conference projected income 2023 £230,000	vs expenditure £228,338
'MUST' licencing 2023 £150,000	projected £159,000 2024
IF Registry 2023 projected income £63,696	vs £42,324 expenditure
Secretariat costs 2023 £106,300	vs 2022 £35,993, vs 2021 £35,000

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. This was corrected to a level of £320,000 for 2020. The policy has not been renewed during COVID-19 due to uncertainty around conference, and the pressures of clinical work. More relevantly recent reserves policies have not accounted for worldwide licencing of 'MUST' by industry, earning c.£150,000 per year. However, this earning is by no means a guaranteed recurring income stream. 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.

Industry sponsorship during the COVID pandemic reduced and with the current financial climate in the United Kingdom, some industry partners renewed at a lower priced package, but a new partner was introduced, giving some fluctuations, which are difficult to forecast. Income received from industry through exhibition at conference has improved back to usual levels now we are attending conference in person, but we are mindful of the challenges this presented when conferences were on-line/virtual affairs.

BAPEN will continue to develop resources for its members and work to promote the importance of good nutritional care. A new 5-year strategy has been developed and launched in 2022/23 which will require further investment to meet the goals in keeping with the charities aims and objectives

The BAPEN financial reserves were projected to 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 £440,000 for 2024 increasing to £460,000 for 2025 (6% increase in costs). This covers the costs of secretariat (£106,300,) costs of failed conference (£228,338), IF registry upkeep (£42,324), website (£46,800), finances (£5,684), and storage (£2,240), total £437,550. This would enable greater financial security and mitigate any potential risk relating to failure of the annual conference, whilst maintaining the essential expenses to continue to operate. The financial reserves will continue to be reviewed as part of the Treasurer's report at every Executive and Council meeting.