

Reserves Policy for Ipswich & Diss Area Quaker Meeting and its Linked Local Quaker Meetings and Charities

(Charity Commission Number: 1134526)

1. Introduction

Ipswich & Diss Area Quaker Meeting (1134526) includes three linked charities and six Local Quaker Meetings (LMs): Bury St. Edmunds, Diss, Felixstowe, Ipswich, Leiston and Woodbridge. The linked charities are the Ipswich & Diss Area Meeting Property Charity (1134526-1), the Richard Waynforth Trust (1134526-3) and the Agnes Moss Bequest Trust (1134526-4). Ipswich & Diss Area Quaker Meeting, including its LMs and associated charities, currently operates under a Scheme adopted on 29 May 2012 and updated on 7 October 2014. The AM was registered with the Charity Commission on 26 February 2010.

This reserves policy covers the AM, the six LMs and the three linked charities and is reviewed every two years or as necessary. Information about the reserves policy and the level of reserves are also included in the Trustees' Annual Report and Accounts.

2. Charitable Objectives

2.1 Ipswich & Diss Area Quaker Meeting and the Local Meetings

The charitable objectives of Ipswich & Diss Area Meeting and its LMs are to support “the furtherance of the religious and other charitable purposes of the Religious Society of Friends (Quakers) in the area of Ipswich and Diss meeting and beyond.”

2.2 Ipswich and Diss Area Meeting Property Charity

The charitable objectives of the Ipswich & Diss Area Meeting Property Charity are to support the “meeting houses and burial grounds of the Religious Society of Friends or for such other charitable purposes of the Society as the Ipswich and Diss Area Meeting may direct and the trustees may think suitable: provided that the trustees may allow persons who are not members of the society to use the meeting houses and premises and the remains of persons who were not members of the Society to be buried in the burial grounds.”

2.3 The Richard Waynforth Trust

The charitable objectives of the Richard Waynforth Trust are to provide “relief in need for members and attenders of the Area Meeting” through grant making. In October 2014, the Charity Commission extended the trust’s geographical coverage to include both Southern East Anglia and Norfolk & Waveney Area Meetings. The relief-in-need includes paying for household bills, transport to and from Meetings for Worship, essential home refurbishment, household items and electrical appliances, mobility aids, training to get back to work, emergency travel, respite care and home help. The trust also finances attendance at Britain Yearly Meeting, Junior Yearly Meeting and Yearly Meeting Gathering for members and attenders who would otherwise find it financially difficult to attend.

2.4 The Agnes Moss Bequest Trust

The charitable objectives of the Agnes Moss Bequest Trust state that “the income arising from the property or from proceeds of sale of the property are to be applied for such purpose or object (within the legal definition of a charitable purpose or object) as the Area Meeting shall direct.” The property referred to is 21 St Nicholas Street in Diss. The AM has directed that the trust is to be used 1) by AM for administration of the trust and property maintenance and repairs of 21 St Nicholas Street and 2) by Diss LM for general purposes and property maintenance and repairs of the Diss meeting house, burial ground and warden’s house.

3. Financial Profile

3.1 Ipswich & Diss Area Quaker Meeting and the Local Meetings

The annual income for Ipswich & Diss Area Quaker Meeting and its six LMs is principally from contributions from the members and attenders of the LMs, Gift Aid and room lettings in the four meeting houses. Further income is received from legacies, fundraising and grants.

The support costs for the AM and LMs include wages for wardens and cleaners; utilities; property repairs and maintenance; furniture and equipment and administration. Governance costs include accountancy and legal services. Other costs include conferences, payments to other Quaker bodies and outreach and publicity.

3.2 Ipswich & Diss Area Meeting Property Charity

Ipswich & Diss Area Meeting Property Charity's fixed assets are four meeting houses (Bury St Edmunds, Diss, Ipswich and Leiston), a warden's house at Diss and a warden's flat within Ipswich Meeting House. There are burial grounds at Bury St Edmunds, Diss and Leiston meeting houses. Former burial grounds are at Bredfield, Needham Market and Woodbridge, which is let to Woodbridge Town Council on a repairing lease for 30 years at a peppercorn rent from May 2004.

The charity holds a permanently endowed restricted fund, the majority of which has been invested with Rathbone Greenbank (further details are in the Investment Policy for Ipswich & Diss Area Quaker Meeting). The remainder of the restricted fund has been invested in a deposit account with Triodos Bank. The investment income contributes towards the charity's annual expenditure, which consists of quinquennial surveys; buildings, contents and public liability insurance, investment management costs and annual recoupment payments¹.

The charity also holds two designated long-term meeting house maintenance funds: the Bury St Edmunds Long-Term Meeting House Maintenance Fund and the AM Meeting Houses Fund (further details are in the Meeting Houses Funds Policy). The income for these funds, which comes from donations; Gift Aid; investments and legacies, is used for capital building maintenance and repairs. The majority of the investment income comes from the funds' permanently endowed designated investments with Rathbone Greenbank (further details are in the Investment Policy for Ipswich & Diss Area Quaker Meeting). The remainder of the AM Meeting Houses Fund is invested in a deposit account with Triodos Bank. The remainder of the Bury St Edmunds Long-Term Meeting House Maintenance Fund is invested in deposit accounts with Triodos Bank, Ecology Building Society and Eastern Savings and Loan.

3.3 Richard Waynforth Trust

The majority of this permanently endowed restricted fund has been invested with Rathbone Greenbank (further details are in the Investment Policy for Ipswich & Diss Area Quaker Meeting) to produce an annual income for relief-in-need grant-making. The remaining funds have been invested in deposit accounts with Ecology Building Society and Eastern Savings and Loan. In addition to grants, the fund incurs investment management costs.

3.4 Agnes Moss Bequest Trust

The income for this permanently endowed restricted fund is from the commercial letting of 21 St Nicholas Street in Diss. The charity's annual expenditure can include building repairs and governance costs (e.g., legal and estate agent fees) for 21 St Nicholas Street as well as maintenance and repairs costs for the Diss Meeting House, burial ground and warden's house. The trust must also pay the cost of buildings and public liability insurance; utilities and council taxes, when 21 St Nicholas Street has no tenant. All cash assets have been invested in deposit accounts with Ecology Building Society and Eastern Savings and Loan.

If 21 St Nicholas Street is sold, the proceeds will be invested as a permanent endowment fund with the investment income still being used by Diss LM for general purposes and maintenance and repairs of the meeting house, burial ground and warden's house.

4. Reserves

4.1 Definition of Reserves

Reserves are that part of a charity's unrestricted income that is freely available to spend on any of the charity's purposes, once it has met its commitments and covered other planned expenditure. Charity law requires any income received by a charity to be spent within a reasonable period from receipt. The Charity Commission advises trustees that they should be able to justify the holding of income as reserves, because reserves levels that are too high may tie up money unnecessarily and reserves that are too low can jeopardise a charity's solvency and its future activities. The trustees have used this guidance, plus a financial risks assessment, to set the reserve levels for the AM, LMs and linked charities.

4.2 Calculation of Reserves

4.2.1 Ipswich & Diss Area Quaker Meeting and the Local Meetings

Restricted funds, which include endowments and restricted income funds, are excluded from the calculation of reserves for AM and the LMs, because these funds can only be used for particular purposes--not for the overall charitable purposes of Ipswich & Diss Area Quaker Meeting. The restricted funds excluded from the AM and LM reserves are the Agnes Moss Bequest Trust, Richard Waynforth Trust and Ipswich & Diss Area Meeting Property Charity.

Although designated funds are unrestricted, the Ipswich & Diss Area Meeting Property Charity's two long-term meeting house maintenance funds are excluded from the calculation of reserves for AM and the LMs, because they are earmarked for a particular use and not for AM's overall charitable purposes. The AM's functional fixed assets (i.e., the four meeting houses, burial grounds, warden's house, warden's flat and 21 St Nicholas Street, Diss) are also designated and excluded from the calculation of AM and LM reserves.

In addition, if any future legacies are received for particular purposes or programme-related investments are made solely to fund a planned spending commitment that cannot be met from future income, these investments will be restricted or designated and hence excluded from AM and LM reserves.

The equivalent of six months' expenditure has been agreed as the target that AM and LMs should hold in reserve. The exact amount of reserves that are retained each year are calculated using the guidance in the Appendix. Please note that reserves are not used to fund short-term deficits in a cash budget (e.g., reserve funds are not spent before funding is received), but reserves can be used:

- For unforeseen day-to-day operational costs (e.g., employing temporary staff to cover a long-term sick absence or providing redundancy payments)
- As a temporary source of income to give the trustees or LMs time to develop new sources of income or to cut-back on related expenditure, if income (e.g., investments, contributions from the members and attenders and room lettings) falls below expectations
- For planned commitments, or designations, that cannot be met by future income alone (e.g., plans for a major asset purchase or towards a significant project that requires the provision of 'matched funding')

Amounts held in excess of six months' expenditure are available for discretionary spending, as agreed by AM or the LM. Donations can be made to the Bury St Edmunds Long-Term Meeting House Maintenance Fund, the AM Meeting Houses Fund, Britain Yearly Meeting and to international and national Quaker and Quaker-related charities (e.g., Quaker Peace & Social Witness, Quaker United Nations Office, Quaker Housing Trust, Quaker Social Action, Woodbrooke and Glebe House).

4.2.2 Ipswich and Diss Area Meeting Property Charity

For the Ipswich & Diss Area Meeting Property Charity's restricted fund, all unspent income is retained as reserves; there is no discretionary spending. For the past several years, the Ipswich & Diss Area Meeting Property Charity has had to use its restricted fund's reserves, because the charity's annual investment income has not been sufficient to cover its annual expenditures for quinquennial surveys; buildings, contents and public liability insurance and annual recoupment payments. The AM trustees have noted this financial risk and are reviewing other possible sources of income.

All unspent income is also retained as reserves for the two designated long-term meeting house maintenance funds; there is no discretionary spending.

4.2.3 Richard Waynforth Trust

Because the Richard Waynforth Trust is a restricted fund, all income that is not spent on grant making is retained as reserves; there is no discretionary spending. Because the trust has had high reserves, in October 2014, the Charity Commission extended its geographical coverage to include both Southern East Anglia and Norfolk & Waveney Area Meetings. This is helping to increase the trust's grant making and reduce its reserves.

4.2.4 Agnes Moss Bequest Trust

Because the Agnes Moss Bequest Trust is a restricted fund, all unspent income is retained as reserves; there is no discretionary spending. For several years, the Agnes Moss Bequest Trust has had to use its reserve funding, because there has been no rental income from 21 St Nicholas Street. The tenants, a collective of local craftspeople had been using the property under licence, so they were paying for utilities and insurance but no rent. The tenants started paying rent of £3,500 annually in January 2015. Per the terms of the lease, the rent will increase to £5,000 annually in January 2017. The tenants also continue to pay for utilities and insurance. This rental income means that the AM trustees are no longer dependent on the trust's reserves to cover the expenses incurred by the trust or Diss LM.

5 Conclusion

The levels of reserve funds for the AM, LMs and linked charities are assessed annually when the AM trustees and each LM review their previous year's annual accounts and set their annual budgets for the coming year. Adjustments to the level of reserves are made as necessary (e.g., to cope with inflation). Quarterly reviews of income versus expenditure also help identify peaks and troughs in cash flow and give a warning of when reserves might need to be called on.

Signed:



Christina van Melzen
Trustee and Clerk of Ipswich & Diss Area Quaker Meeting Trustees

Date:

16th March 2016

Note: Property Charity's Annual Recoupment Payments

In the late 1980s, some land belonging to Ipswich & Diss Monthly Meeting United Charities at Tower Ramparts, Ipswich, was sold for the enlargement of the Marks & Spencer store. About £125,000 was raised. The Charity Commission gave permission for £103,000 of that money to be spent on refurbishment of the three meeting houses then in the Monthly Meeting, as follows:

Date of Scheme	Meeting House	Sum Spent	Annual Repayment
11.08.1986	Bury St Edmunds	£16,000	£144
09.03.1987	Ipswich	£30,000	£270
13.11.1987	Leiston	£57,000	£513

The authorisation to spend the funds was on condition that accounts were opened for recoupment of the sums over a period of 40 years at the rate of 0.9% per annum with the Official Custodian of Charities. These repayments, totaling £927 a year, are payable until 2026/27. The value of the three accounts held with CCLA was £79,327.91 on 31 December 2015. When the capital and income become accessible in 2026/27, the capital will be added to the endowment fund of the Ipswich & Diss Area Meeting Property Charity.

Appendix: Calculating AM and LM Reserves and Discretionary Spending

1. Look at the AM's or LM's most recent balance sheet to identify the meeting's net current assets.
2. Identify any restricted and designated funds.
3. Subtract their value from the net current assets figure.
4. Calculate the meeting's reserves by adding up the following:
 - a) the total employment liabilities: redundancy payments and other payments arising from any contracts for all employees should they be made redundant; add in the salary payment, including employer's National Insurance liability and other payments related to benefits arising (e.g., pension entitlement) for any period of notice required by the employee or employer. It may also be necessary to consider any liability arising from pension providers in meeting pension obligations when an employee leaves a scheme.
 - b) the cost of running the AM or LM, without any income for six months.
 - c) any sum that the AM or LM decides should be held back for long-term development of the AM or LM that might not be funded from grants, legacies or other sources. This is not for immediate expenditure but is to be used some time in the future for the meeting's longer-term development plans.
5. Work out how much is likely to be spent in the next 12 months on building maintenance and repairs and then subtract from this value the amount of funding that will be received from one of the three long-term meeting house maintenance funds.
6. Calculate the meeting's discretionary spending by adding together the figures from #3, #4 and #5 above and subtracting their total from the net current assets identified in #1 above. The sum left is surplus to reserves and is available for discretionary spending, as agreed by AM or the LM.



Reserves &
Discretionary Spend

A calculator is available here: