

## **Reserves Policy**

### **Income**

M25 Consortium income is largely derived from membership subscriptions and is thus fairly stable and predictable. At the point of preparing a budget, an assumption is made that all members will continue their membership. There is some risk that some members may decide not to renew their subscriptions and a related risk that institutional mergers may lead to a reduction in subscription income. Changes to the JISC banding model on which membership fees are currently based presents a further potential risk.

There is some scope for additional income through sponsorship of consortium events and activities, for example of the annual conference. This is usually used to meet the costs of the event which is attracting the sponsorship.

As a charitable organisation, the purpose of income generation is to cover costs, not to generate profits. A sufficient level of reserves should be maintained through any surplus income to cover business continuity.

### **Business continuity**

Reserves are required to ensure that the Consortium can continue to pay core financial commitments for three months in the event the company is required to wind up. There's a three month financial provision in place for the following activities:

- Website and IT costs
- Staff salaries
- Staff redundancies
- Legal fees, including a provision for a final independent examination
- Cost of holding an extraordinary general meeting if required to be held in-person.

At any given time there may also be one-off projects in progress. The Consortium needs to ensure sufficient reserves to meet salary costs and/or costs associated with redundancy.

### **Risk register**

The Consortium's reserves are linked to its risk register. This is reviewed by the Trustees on a monthly basis and any changes with financial implications are reflected in the reserves that are held in the following financial year. The elements of the risk register that could incur financial costs are:

- Salaries for temporary staffing in the event of prolonged absence/vacancies
- Redundancy costs
- cpd25 activities e.g. speakers fees/venue hire in the event of cancellation
- Maintenance agreements for technical systems
- Loss of income due to decline in members

From the list of financial risks noted above, it has been agreed that the current reserve will provide three months costs for maintenance agreements for technical systems, staff salaries and redundancy costs.

**Review process**

The reserves are reviewed as part of the annual budget cycle and any areas requiring special funding are identified and the impact on the reserves discussed by the Trustees. The Treasurer monitors the reserves throughout the year and provides regular reports at Trustee and Steering Group meetings. There will be a full review of the reserves policy in relation to the risk register every three years.

Christopher Cipkin

Honorary Treasurer

September 2023 Full review due 2026