

# UniBrass Foundation Reserves Policy

## Change History

<b>Date</b>	<b>Issue Number</b>	<b>Changes</b>
30 <sup>th</sup> March 2016	1.0	Created Document
20 <sup>th</sup> July 2016	1.1	Policy approved by the Board on 6 <sup>th</sup> June 2016
20 <sup>th</sup> January 2018	1.2	Policy updated and approved by the Board on 20 <sup>th</sup> January 2018
6 <sup>th</sup> January 2020	2.0	Policy updated approved and approved by the Board on 6 <sup>th</sup> January 2020
28 <sup>th</sup> March 2021	2.1	Policy updated with minor restructuring to funds
24 <sup>th</sup> April 2022	2.2	Addition of UniBrass band camp as a major project for the charity and new ongoing financial liability, and minor changes

Last Reviewed: 24th April 2022

# 1. Overview

## Objective

The objective of this policy is to establish a framework for good governance of funds held by the UniBrass Foundation. These funds, directed by this policy, will enable the charity to take advantage of new opportunities as they arise, or ride out unexpected setbacks, and accommodate unexpected expenditure or losses of funding.

This will also demonstrate to the general public that all funds coming into the Foundation's care are being used appropriately, for the purposes of the charity and its objects.

## Scope

This policy applies to all unrestricted funds held as general funds of the UniBrass Foundation, and establishes guidelines for its review and amendment. This policy forms a key element of the strategic plan of the charity, and feeds into the budgeting and decision-making processes.

This policy will be reviewed on an annual basis at a meeting designated by the Trustees following the charity AGM. The review will be conducted as part of the charity's usual planning processes.

## Policy

The UniBrass Foundation will hold in reserve sufficient funds to secure and sustain the charity's viability, and to capitalise on new opportunities as they are presented. It is the responsibility of each Trustee to ensure that this policy is considered when budgeting and event planning decisions are discussed.

It is the responsibility of each Trustee to read, understand, and comply with this policy.

The UniBrass Foundation reserves the right to change this policy at any time.

## **2. Major charitable activities**

The UniBrass Foundation currently operates several activities and events in fulfilment of its charitable objects. These are summarised below along with their associated income and liabilities.

The flagship event for the Foundation is the UniBrass Championships and Gala Concert which typically take place at a host University in February. Currently, the contest and gala concert changes host University every 2 years. This regular cadence has demonstrated a cycle where the second year at a given host university is more profitable than the first. The charity should aim to make a profit across a host universities 2 year cycle, allowing for a break even or slight net negative in a host universities first year. As a result, the charity should retain reserves to support an initial negative cash flow across this cycle.

### **UniBrass Championships**

The annual Championships are the largest public event run by the charity; these and other associated events constitute the primary income stream for the Foundation. The Championships also generate significant costs over the financial year, totalling approximately £20,000.

### **UniBrass Gala Concert**

The gala concert was introduced at the University of Warwick in 2014 and it primarily should aim to generate income for the Foundation. Income derived from the contest is used to support the solvency of the UniBrass Championships in the first instance, and then further projects organised by the Foundation after this. It has therefore become a major contributor to the charity's reserves. When planning the Gala concert, consideration should be given to the viability of any planned Gala concert reviewing factors like venue size and 'pull factor' of proposed performers in order to maximise potential revenue.

### **UniBrass Band Camp**

The inaugural UniBrass Band Camp was held in August 2021. This was funded primarily by a project grant from Arts Council England with the remaining revenue coming from participant fees. Turnover for this event was £25,000 and it was approximately cost neutral. The trustee board were very pleased with the event and this was supported by the very positive feedback received from attendees. The Foundation has therefore decided to continue to run this as a recurring project, with the second band camp planned for August 2022. This event becoming a recurring project will require additional thought to ensure the continued solvency of the Foundation, as the charity will now aim to run two comparatively large scale events in each fiscal year. The trustee board should annually review the viability of this project and the financial risk it poses to the charity whilst it remains in its infancy; the trustee board's view currently is that the UniBrass championships remains the flagship project for the charity and takes precedence over all other projects.

The funding model for this project in the short term will remain for a significant portion of income coming from grants or sponsorship, with the remainder coming from participant fees. In the medium to long term, the aim is to reduce the reliance on grant funding for this project, whilst avoiding significantly increasing the participant fee level above inflation.

### **3. Review of current/future funds**

The UniBrass Foundation is primarily funded through public events organised by the charity, and maintains two secondary funding streams via fundraising/donations and from direct grants from organisations. These funding organisations typically operate on a 12 month time horizon, with applications for new grants usually being made half-way through this window.

At present the Foundation holds restricted funds in the form of grant money received from Arts Council England to support the UniBrass Artists in Association scheme. All other reserves held by the charity are held as unrestricted funds. The structure of the reserves fund is outlined in section 4 and summarised in Appendix 1. The Foundations two large projects have cash flow requirements at two separate times in the year: the Championships cash flow requirements typically run from October to April with peak outgoings in February, and Band Camp's run typically from February to September peaking in August. These periods of peak outgoings are the charity's most at risk periods and so the charity should plan to ensure enough liquidity during these periods. At present, this is managed through a combination of charity reserves, strategic fundraising, and the realisation of income associated with each project. The charity also mitigates some financial risk through a recurring monthly income received from the UniBrass Lottery, the trustee board should aim to continue to grow this as an income stream for the Foundation.

The trustee board continues to explore other one-off projects, the Foundation is currently pursuing its Artists in Association scheme which will conclude in June 2022. The cash flow considerations for these such projects are considered during the project planning phase.

## **4. Level of reserves**

### **Justification**

The UniBrass Foundation will hold in reserve sufficient funds to mitigate the risk posed by unforeseen emergencies, unexpected circumstances or to support events in abnormal circumstances which require additional funding to meet the Foundation's charitable objectives. The Trustees have identified that a significant proportion of funds are received via grants from external bodies that are not guaranteed year-to-year, and have incorporated this into the level of reserves set.

Due to the timing of most major cash flows concerned with the charity's work, funds are also held in reserve to cover short-term deficits in the budget. The Trustees also recognise that moving the Foundation's activities to a new venue is likely to result in a loss in the first year, and have set aside a provision for this.

### **Range & level of reserves**

In the April 2022 policy review, a new fund was created to account for the adoption of Band Camp as a recurring project. This fund was set to £5,000. This reserves policy sets out five funds to dedicate reserves. In total, this policy recommends a total reserves fund of £29,750 split into the following funds:

#### **Operations**

To provide the liquidity required to facilitate the day-to-day operational costs of planning and running charitable activities carried out by the UniBrass Foundation a reserve fund of £2,000 has been established. This will be held in the charity's current account, and will be replenished from savings regularly if it is in deficit.

#### **UniBrass Championships**

The Foundation will build up and hold in reserve sufficient funds to support one year of activities independent of external funding sources. The Trustees have identified that this should be set at £20,000 as this is representative of previous recent championships.

#### **UniBrass Band Camp**

A fund has been established to support the UniBrass Band Camp project. This fund has been allocated £5,000 primarily to support any required deposits for venues prior to revenue being received for the project. These monies should be repaid to this fund once sufficient revenue has been generated by the project.

#### **Fundraising**

A reserve level of £500 has been established to cover expenses associated with charity personnel travelling to and staying overnight at the annual carolling location, and insurance costs associated with the collection of monies at all fundraising events. These costs will usually be met directly out of the collections themselves after the fact; any surplus will be used to maintain the fund at the above level.

## **Ongoing & Recurring Projects**

This fund supports any ongoing and recurring projects organised by the Foundation. Presently there is one project supported by this fund. This project is the UniBrass Lottery which has a fund set at £250. This covers the recurring cost for licence renewal, and some marketing to grow the number of participants.

## **New and Expanded Projects**

The trustee board is continually exploring potential other one-off projects to expand the scope and impact of the Foundation. The charity should retain an amount of reserves in order to facilitate these new projects. Projects utilising these funds should aim to be, at a minimum, cost neutral, allowing income received from the project to restore reserves to this fund. The reserves level for this fund will be set at £2,000. Should a project become a recurring event, it will have a separate reserves level established in the Ongoing & Recurring Projects fund in a subsequent policy review.

## **Establishing the reserves**

Reserve funds have been established primarily from income accrued from previous Championship events and donations received from other sources. Beginning in the 2020/21 FY, reserves have also been accrued from the UniBrass Lottery, with the aim to expand this income stream in subsequent years.

Beyond this any further funds will be built up gradually from surpluses generated by the charity's events, and via targeted fundraising. As income is received, the Trustees will have regard to the proximity of any major charity event and the severity of any deficit when deciding which funds to allocate this to.

## **Investing reserves**

All reserves will initially be held in the charity's savings account, which the Trustees have identified as the most efficient way of investing the charity's funds. They will review this account regularly, and remain vigilant to the prevailing market for other alternatives which may be more advantageous.

When total cash reserve levels across all funds reach approximately £25,000, the Trustees will investigate the possibility of investing a portion of these cash funds in longer-term vehicles. It is expected that any event necessitating a drawdown against a fund will become clear far enough in advance that, if required, long-term investments can be liquidated in good time.

## **5. Policy review**

### **Frequency of review**

As part of the charity's usual planning processes, focussed reviews of this policy will be carried out on an annual basis. In depth reviews will take place once every two or three years, or as the charity trustees feel necessary, in response to changing charitable or financial conditions and needs. Any trustee may call for a review where they reasonably believe conditions necessitate it. The guidelines established as part of this policy should form the basis of the review, alongside current and projected funding streams.

The level of reserves held will be monitored throughout the year as part of normal budget management.

### **Conducting the review**

Trustees will initiate the review by determining what funds the charity holds, how they are allocated, and any restrictions placed on the use of those funds.

Analysis will be made of current projects and activities organised by the charity, and those planned for the future. A consideration will be made on future forms of funding, in light of this and the prevailing financial environment at the time of the review.

Any committed expenditure will be reviewed, including the timing of this and its impact on cash flows. Where possible this should be matched with income; otherwise reserves will be required.

An investigation of any perceived risks to which the charity is exposed, and the reliability of its income, will be undertaken.

## Appendix 1. Table of Reserves Funds

<b>Reserve Fund</b>	<b>Amount</b>
Operations	2,000
UniBrass Championships	20,000
Fundraising	500
Ongoing and Recurring Projects	250
New and Expanded Projects	2,000
<b>TOTAL</b>	<b>£ 29,750</b>

Threshold for Investing Funds: £25,000. Funds above this threshold will be invested up to the Total Reserves Fund. All other monies held by the charity will be spent in furtherance of the charities objectives