

SUFFOLK LAWN TENNIS ASSOCIATION

RESERVES POLICY

INTRODUCTION

What are reserves?

The term 'reserves' is used in this policy to describe money that is freely and readily available to the County Association to spend but which have been built up and put aside in case they are needed. They can only be spent to further the aims of the organisation.

Why are reserves important?

SLTA considers it important to have reserves to:

- Protect the continuity of its core work, and essential services and activities
- Build its resilience and safeguard its own future
- Meet ongoing financial obligations if regular income streams are disrupted or unexpectedly reduce
- Cover uninsured emergency situations such as fire, flood, pandemic or the need to move into premises that are more expensive than expected
- Take advantage of unexpected opportunities that further the organisation's aims.

Why does SLTA have a Reserves Policy?

In addition to it being good practice to have a Reserves Policy, SLTA may be expected to create, publish, implement and monitor a Reserves Policy to comply with its legal or other contractual duties. The Lawn Tennis Association (LTA) expects County Associations to have a Reserves Policy. This Reserves Policy:

- Justifies why reserves are kept
- Explains the risks and costs considered when setting a goal for reserves
- Explains how much is held in reserve and why
- Details when it is appropriate to spend reserves, how they can be spent, and authorisation processes
- Sets out how reserves will be monitored and reported on
- Provides assurance that the organisation is well managed
- Provides assurance that reserves level match the needs of the organisation at the time, or that it has a plan to build up reserves to an appropriate level
- Ensures that reserves are not too high or too low to meet the needs of the organisation
- Enables explanation to be given to members, volunteers, stakeholders, funders/investors
- Provides assurance of a proactive approach to balancing the needs of current and future beneficiaries.

Exclusions

Excluded from the terms of this policy are:

- Tangible fixed assets: land, buildings and equipment
- Restricted and ring fenced funds
- Long-term investments, including those that could not be accessed without giving more than 12 months' notice

- Funds set aside to cover expected costs and creditors.

For the avoidance of doubt:

- Suffolk Tennis Funding Ltd is not covered by this policy. It is the vehicle by which loans to clubs have been and will be made. It is classed as a long-term investment, and is treated as such on SLTA's balance sheet.
- Stimulus is a restricted fund and is, therefore, excluded from this policy.
- Suffolk Tennis Youth Fund is not controlled by SLTA and, therefore, it is excluded from this policy.

FEATURES OF THE ORGANISATION

What is the nature of the organisation and how is it governed?

SLTA is an LTA County Association that has been in operation for 100 years; and whose purpose is to advance and safeguard the interests of tennis in Suffolk by increasing participation in tennis at all levels. Its members are LTA Registered Venues and these entities may vary from year to year. Membership is free. SLTA has 4 trustees and it is run by a management committee made up of officers elected by its members, co-opted onto the committee, or nominated by the management committee (LTA Councillor).

SLTA does not own land or buildings, nor does it lease premises. It enters into contracts with individuals and organisations to assist in the delivery of its services. Such equipment as it owns is limited to items of low monetary value including:

- Tennis balls
- Trophies.

From time to time it may employ staff.

Related policies

This policy should be read in conjunction with SLTA's constitution and its risk register, and LTA policies adopted by SLTA.

OPERATING CONTEXT

SLTA is used to operating in a stable operating environment. Its governance structures as an unincorporated organisation are simple, functional and effective. There have been no financial problems in at least the last 25 years. This means that it has weathered changes in the national economic environment, including operating during economic recessions.

SLTA is generally risk averse when making investments and in embracing change. As an unincorporated organisation, this is necessary to protect its members and officers against being personally responsible for any debts and contractual obligations. Nevertheless, it is conscious that excess reserves are to be avoided because they could:

- Lead to challenge from members, volunteers or funders as to why these funds have not been invested in furthering SLTA's aims and in increasing the organisation's resilience
- Reduce the perceived financial need of the organisation, making it more difficult to attract grants, donations, goodwill and fundraising.

Income

SLTA's principal source of income is its annual grant from the LTA, which is designed to fund its core activities and for which it has to account to the LTA. Other sources of income include:

- County training fees
- County tournament fees
- Patronage and sponsorship
- Bequests and donations.

Expenditure

SLTA's core revenue funding is intended to be spent on:

- Volunteering
 - Governance and management
 - Safeguarding
- Participation
 - Venue support
 - Coach support
 - Disability development
 - Communication and marketing
- Competition
 - County Cup
 - County Championships
 - Senior National League
 - LTA National League
 - Play Your Way to Wimbledon
 - LTA Youth Schools
 - County and District Leagues
- Performance
 - County training
 - LTA Regional Camps
 - 10U Performance Programme Network.

SLTA's own strategy for 2023 to 2027 is under development.

RESERVE AMOUNTS

For the last 9 years, SLTA has operated with minimum unrestricted cash reserves¹ at year end of £33,208.00 (2014) and maximum reserves of £60,795.00 (2021). The intention has been to hold sufficient reserves to cover a minimum of six months of expenditure.

The reserves are currently all held on accounts at Barclays Bank PLC.

¹ Calculated as total cash at bank less current liabilities plus current debtors, investments and prepayments less balances belonging to restricted funds

USE OF RESERVES

SLTA reserves have not needed to be used in to any significant extent in the last 25 years. Permitted uses are:

- To enable continuity of SLTA's core work for at least 6 months should sufficient income not be forthcoming, or
- Exceptional costs if approved by the management committee, and
- To discharge its financial responsibilities prior to winding up the Association should no future income be expected.

AUTHORISATION PROCESS

Authorisation to spend reserves would be a decision of the management committee made timeously.

FUTURE FUNDING OF RESERVES

Budget setting by the management committee occurs at the start of each financial year, predicated on knowing its anticipated income from the LTA and other sources, in order to ensure that expenditure is planned based on the funds available without drawing on the reserves. It is customary practice for the management committee to set a balanced budget. As part of this process, if it is anticipated that the cost of providing core services for 12 months will be more than the sum held in reserves, budget setting will include identifying the sum to be added to reserves from revenue.

ACCOUNTING FOR RESERVES

The annual accounts are prepared under the historical cost convention. Insofar as cash balances do not exceed one year's anticipated future annual expenditure, they are held on a current account at the bank. Interest rates in the last 5 years have been insufficient to warrant the additional administrative burden of holding part of the funds on an interest bearing deposit. This has the advantage of ensuring that the reserves are readily available should they be needed.

IMPLEMENTATION

It is not anticipated that this policy will produce a need for changes in current practice.

MONITORING, REPORTING AND REVIEW

The Treasurer will be responsible for managing the reserves, subject to decisions of the management committee regarding their usage. The management committee will monitor the reserves and their usage annually. The Treasurer will include in their annual report to the Annual General Meeting a report on the reserves and their usage.

This policy will be reviewed every 3 years.

Approved: 29th November 2023