



Reserves Policy
February 2022

Background

Thomas's Foundation believes in the vision that every child deserves an enriching education. Our beneficiaries are primary school aged children in the UK and Nepal, benefiting from educational programmes. The programmes fall under three main causes: Foundation Bursaries, Community Partnerships in the UK and CAIRN in rural Nepal. This policy sets out the reserves recommended by Thomas's Foundation to fund general operations and meet its charitable objectives. Reserves covering up to five years would allow Thomas's Foundation the opportunity, if necessary, to wind down its programme of support with limited disruption.

Programmes

Foundation Bursaries

The bursary programme is now intended to be a commitment for up to seven years for a child through Years 7 - 13, subject to reviews at Year 9 and Year 11. In the academic year 21/22 Thomas's Foundation is supporting eight bursary awards, 4 in year 7 and 4 in Year 8. The plan for the academic year 22/23 is to support up to ten bursary awards (4 in year 7, 4 in year 8 and 2 in year 9).

Thomas's Foundation plans to increase the current reserves over the coming years to meet expansion of the bursary awards programme. Restricted funds for Foundation bursaries meet current commitments.

While the intention is to be able to provide a bursary for seven years to a pupil, and natural breaks in education occur at Year 9 and Year 11, all awards offered are subject

to annual review. This allows the Trustees to have a Reserves Policy that reflects optionality.

Community Partnerships

Thomas's Foundation supports

- Projects in art, drama, music, and sport in local neighbourhoods for primary school children. (These projects are nearly always an annual commitment)
- Pathway, a learning enrichment programme working with our community partners. (annual commitment)
- Music Scholarships (4 year commitment).

Technically, any Community Partnership support can be cancelled at short notice, and so Reserves to be held for one term of community partnership projects.

CAIRN

CAIRN Library Programme: five year commitment - 6 months notice MOU

CAIRN Teacher Training: 3 year programme commitment - 6 months notice period in MOU

Reserves to be held to cover 6 months NGO partner's operational costs and 6 months of CAIRN Teacher Training

Based on commitments to the three main causes outlined above Thomas's Foundation's Reserves policy is to maintain sufficient levels of reserves to enable normal operating activities to continue over a sensible period should a shortfall in income occur and to take account of the potential risks and contingencies that may arise from time to time.

Staffing

Reserves to cover six months of salary costs and redundancy

Steps Taken to Establish the Level of Reserves

In order to make a judgement on the amount of the reserve the Trustees have considered the risks in respect of expenditure, unrestricted income, and where appropriate restricted income. Also taken into consideration are any externally identified potential major risks to income and expenditure during the year under consideration.

A risk assessment has been undertaken for the period 2021/22 and the following has been determined:

Income

Unrestricted Income

- Income stream Events/Sporting Challenges - High Risk

The income stream for unrestricted funds is centred round events and Charity of the Year. Donor events and school fundraising have been severely disrupted by the global pandemic. When events do return fully, funding priorities and sponsorship may be significantly affected.

Restricted Income

- Regular giving, Trust & Foundation and individual donations - Medium Risk

The income stream for restricted funds comes from individual donors and regular giving. There is an expectation that individual donations will resume. Restricted giving favours bursaries and the local community.

Expenditure

- Bursaries: High Risk - due to length of commitment.
- CAIRN: Medium Risk - development projects eg teacher training, libraries high risk as necessary to invest for a minimum of three years in order to deliver sustainability and produce effective monitoring and evaluation to assess impact
- Communities: Medium Risk - as majority are short term grants and programmes can adapt to favour volunteer initiatives and collaborative projects

External Potential Major Risks

- Economic environment - Global pandemic and recession
- Loss of TLDS parent goodwill
- Local funding priority over global funding following impact of pandemic

Summary

As at the year to 31st August 2021 Thomas's Foundation had total reserves of £795,803, made up of £358,965 unrestricted and £436,838 restricted (£234,821 for Bursaries and Community Partnerships and £202,017 for CAIRN)

Based upon the above analysis, the table below highlights how much Thomas's Foundation should hold in reserve.

It is important to note that the current reserves policy, at a minimum, covers one year of bursaries (given the annual bursary review). Our current position allows Thomas's Foundation to cover two years of bursaries. There will be a clear focus to ensure that as Thomas's Foundation Bursary Programme evolves, so does the Reserve Policy linked to that, as already highlighted.

This policy will be reviewed annually by Trustees. The Executive Director will present the Trustee Board with a draft document and supporting materials that enables them to make an informed decision about levels of Reserves. This in turn will feed into the Board's approval of the strategy and annual operating budget.

Academic Year 2021/2022 Reserves Analysis

| | 2 Years Bursary | 6 months Salaries | Teacher Training | 1 term Community | CAIRN Libraries | Total |
|------------------------|----------------------------|------------------------------|-----------------------------|-----------------------------|----------------------------|----------------|
| | £ | £ | £ | £ | £ | |
| Bursaries 21/22 | 162,370 | | | | | 162,370 |
| Bursaries 22/23 | 200,000 | | | | | 200,000 |
| Salaries | | 39,582 | | | | 39,582 |
| Teacher Training 21/22 | | | 54,992 | | | 54,992 |
| Teacher Training 22/23 | | | 46,663 | | | 46,663 |
| Teacher Training 23/24 | | | 23,332 | | | 23,332 |
| Community | | | | 20,000 | | 20,000 |
| CAIRN Libraries 21/22 | | | | | 70,100 | 70,100 |
| | 362,370 | 39,582 | 124,987 | 20,000 | 70,100 | 617,039 |

24.02.22 Date of last review of policy

Date of next review: February 2023

Approval by the Board of Trustees: 15th March 2022