

RESERVES POLICY

Ownership. This Policy is owned by the Board of RMA-TRMC.

THE LAW/REGULATORY FRAMEWORK

1. Charity Commission guidance is set out in Charity Commission Guide CC19. As the regulator of charities in England and Wales, the Commission expects trustees to decide, publish, implement and monitor their charity's reserves policy so that they can comply with their legal duties to:

- act in the interests of their charity and its beneficiaries;
- protect and safeguard the assets of their charity;
- act with reasonable care and skill;
- ensure their charity is accountable.

Trustees must develop a reserves policy that:

- fully justifies and clearly explains keeping or not keeping reserves;
- identifies and plans for the maintenance of essential services for beneficiaries;
- reflects the risks of unplanned closure associated with the charity's business model, spending commitments, potential liabilities and financial forecasts;
- helps to address the risks of unplanned closure on their beneficiaries (in particular, vulnerable beneficiaries), staff and volunteers.

POLICY STATEMENT

2. The Charity will hold reserves for the following reasons:

- a. To ensure that the Charity is able to meet unexpected and unbudgeted demands;
- b. To ensure the Charity's short-long term sustainability in a context where it must generate its own income to cover costs;
- c. To ensure continuity of service to beneficiaries in the event of an unexpected decline in charitable income;
- d. To enable the Board to fund any required transformation of operating model.

3. The reserves of the Charity will be flexible enough to meet these changing demands and calls on the Charity's funds, which are held and applied for many different activities in line with its wide range of charitable objectives and strategic plans, arguably the widest of any military charity.

PRINCIPLES

4. The particular context in which RMA-The Royal Marines Charity operates is conditioned by the operations of the Royal Marines, and is changing and uncertain:

- a. The actuarial liabilities of the Charity in the medium-long term are not known since the military operational commitments of the Corps and their consequence on the Charity's beneficiaries cannot be planned for; their frequent and changing operational deployment pattern leads to disproportionate exposure to the possibility of death or injury, therefore increasing the chances of casualties and potential future calls on funds. Indeed, in the event of a major operation, the Trustees may find that they must draw on a substantial amount of capital to assist the Corps family at a time of need; hence reserves must be readily accessible.
- b. The beneficiary community, estimated to be IRO 120-150,000 (serving and veterans with dependants), will remain stable in size for the next 30 years since the size of the Corps itself has changed little over that period, while the welfare needs of the elderly become more complex.
- c. The fundraising and income generating context for military charities has become more challenging following the cessation of large-scale overseas operations in 2014, meaning that the military community and its supporting charities are no longer in the public eye as they once were, and competition from other non-military charitable causes has become stronger.
- d. The Trustees have directed that in order to meet unexpected demands and maintain services to vulnerable beneficiaries, the Charity should at any time hold free cash reserves equivalent to six months' of budgeted expenditure. In the case of closure of the Charity this would allow time to replace the Charity's support with equivalent assistance from other sources, and to lay off staff.
- e. In order to calculate the amount of free reserves, restricted and designated funds should be subtracted from the total reserve, along with any amount set aside against the potential financial impact of any identified risk which is being mitigated against in the risk register of the Charity.

LEAD STAFF MEMBERS

5. Chief Executive

TRAINING

6. NA

RECORD KEEPING

7. NA

REVIEW

8. This Policy is to be reviewed biennially or sooner should the law, or Charity Commission guidance change.

Signed

Dated

10 February 2022