



Ladybird Playgroup Thriplow CIO – Reserves Policy

School Lane, Thriplow, Royston, Herts, SG8 7RH

CIO Charity Number 1162435

Tel: 01763 208055 Email: ladybirdplaygrouphthriplow@gmail.com Web: www.ladybird-playgroup.co.uk

Reserves Policy

This policy was updated in August 2025 and will be reviewed annually.

Statement of intent

The Committee has reviewed Ladybird Playgroup Thriplow CIO's plan for reserves in line with guidance issued by the Charity Commission and Early Years Alliance.

Procedure

The current reserves held by Ladybird fall into three categories:

Unrestricted Funds

Unrestricted funds are needed to cover staff costs and those of administration and support without which Ladybird could not operate.

Income levels vary during the year, but expenditure levels remain relatively constant throughout. Income is at its lowest during the Autumn Term rising during the Spring Term to its highest level in the Summer Term. This is because children who start in September tend to increase their hours throughout the year and also that new children start at different times throughout the year both adding to the numbers attending. It is relatively rare that children reduce their hours during the year.

Considering the scope, definitions and purpose, Ladybird aims to maintain reserves consisting of:

- i. Sufficient reserves to meet redundancy liabilities.
- ii. Sufficient reserves to cover quarterly outgoings and expenditure (including staff wages, administrative and support expenses and day to day running costs).
- iii. Sufficient reserves to support relocation to another premises so that in the event Ladybird is given notice to vacate its premises we have funds to assist with start-up in another location.
- iv. Sufficient reserves to cover the 6 month notice period on the lease which Thriplow primary school requires to be given.
- v. Sufficient reserves to cover 4 months of bills and utilities

In calculating these amounts, Ladybird assumes the following:

- i. Salaries and roles as of July 2025.
- ii. Maximum of 12 weeks' notice for all staff (this is dependent on their years of service).
- iii. No redundancy payments for staff members with less than 2 years of service.



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The following table sets out the unrestricted funds Ladybird Committee consider are necessary to hold for the protection of the charity.

Redundancies	£31,000
Quarterly expenditure	£25,000
Relocation to a new building	£40,000
Lease notice (6months)	£1,029
Bills and utilities (4 months)	£1,950
TOTAL	£98,979

Restricted Funds

Restricted funds normally arise from donations or grants which have been received to meet the costs of specific items of expenditure.

Occasionally, there is a time lag between the receipt of these funds and the related expenditure, thereby resulting in Ladybird holding the funds until payment is made. Sometimes, Ladybird pays for the item from Designated Funds while awaiting the agreed funding. This can result in the Designated Funds account being temporarily lower than expected and should be avoided other than in essential situations (for example where there is need for a piece of play equipment because the current equipment is dangerous to the children using it).

The Trustees have identified one restricted item:

- i. Money arising from the children's treasure hunts and other occasional fundraisers to be used to purchase specific items usually chosen by the children.

The following table sets out the restricted funds Ladybird Committee consider are necessary for the protection of the charity.

Children's treasure hunts and other occasional fundraising events.	£1,000
TOTAL	£1,000

Designated Funds

Designated funds are amounts specifically excluded from being used to meet the day-to-day running costs of Ladybird. Sums raised through fundraising activities fall into this category. Such funds may be spent at the discretion of the Trustees to provide additional resources or to pay for special events outside the normal running costs of Ladybird.



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In addition, funds have also been set aside to cover specific items of expenditure. The Trustees have currently identified one designated item:

- i. A fund to cover the costs of on-going staff training.

Staff Training	£2,000
TOTAL DESIGNATED	£2,000

Financial aims summary

In setting the policy's aims, the Committee will seek to retain at least the following reserves:

Unrestricted funds	£98,979
Restricted funds	£1,000
Designated funds	£2,000
TOTAL	£101,979

The Committee will monitor the actual level of reserves and compare with the target level no less than once a year (at the financial year-end).

In the event of reserves falling significantly below the target level, Ladybird will aim to restore the reserves as soon as possible by increasing fundraising, increasing earned income, or reducing expenditure. Similarly, if reserves are significantly above the target level, the Committee will put in place a plan as soon as possible, aiming to eliminate the excess within four years by spending money to enhance the quality of playgroup and preschool provision, or otherwise further the aims of Ladybird, or by reducing fundraising.

The Committee will not, however, take any steps that might call into question the ability of Ladybird to continue as a financially viable operation in the long term. In particular, it will not plan to use excess reserves to cover essential running costs.

This policy will be reviewed and approved at the end of each financial year by Ladybird Trustees.

This policy was adopted at a meeting of the Ladybird Playgroup Thriplow CIO	
Held on (date)	
Signed on behalf of the Ladybird Playgroup Committee	
Role of signatory (e.g. chairperson etc.)	



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Signed by Playgroup Leader/Deputy	
Name of Playgroup Leader/Deputy	