Bradford Arts Centre

RESERVES POLICY

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1. About Bradford Arts Centre

Bradford Arts Centre is an intercultural arts hub which aims to reflect the diversity of contemporary Britain through the work we present, the artists we support and the communities we engage. We are committed to fostering an inclusive, respectful and welcoming environment and providing a high-quality experience for everyone who engages with us and our work, whether as our neighbours, artists, audiences, collaborators, or visitors.

Drawn from its Articles of Association, the objects of the charity are:

3.1 the advancement of education amongst the public, in particular but not exclusively in the appreciation and practice of intercultural arts; and

3.2 the promotion of equality and diversity by fostering understanding between people from diverse backgrounds, including but not limited to persons with physical, sensory or learning disabilities, in particular but not exclusively through the use of intercultural arts.

2. Rationale for Holding Reserves

The Board of Trustees have identified several reasons for increasing Bradford Arts Centre's unrestricted reserves. These include:

- To maintain the charity's venue and offices; replacing equipment, fixtures and fittings as they wear out.
- To meet unexpected or emergency costs, e.g. repair bills or legal costs.
- To provide working capital and to insulate cashflow; to enable the charity to bid for funding and deliver projects for which funding is drawn down in arrears. Also, from time-to-time sources of grant funding may have restrictions and by law must be held in restricted reserves until spent in line with a particular funding agreement.
- To cover unforeseen day-to-day operational costs, e.g. employing temporary staff to cover a long-term sick absence, maternity, parental or compassionate leave.
- To mitigate the loss of any source of income, e.g. a grant not being renewed, to give trustees time to act if income falls below expectations.
- To reach a level that can cover at minimum a period of six month's running costs – either to see the company through unforeseen emergencies as outlined above, or to cover the costs of a responsible close-down of the organisation; meeting contractual liabilities, including redundancy pay, amounts due to creditors and commitments under leases.

Reserves will only be used with prior approval by the organisation's Board of Trustees at either a Quarterly or Extraordinary Board meeting.

3. Reserves Categories

Bradford Arts Centre is a charity and a company limited by guarantee, not by share capital. The funds side of the balance sheet is comprised only of reserves which are made up of the accumulated surpluses and deficits of the company since its inception.

3.1. Restricted Reserves

This relates to unspent reserves from restricted grants. The donor has specified what the grant must be spent on, and the trustees normally do not have the power to spend the grant on anything else.

3.2. Unrestricted Reserves

This is a reserves fund that can be spent on anything which furthers the objectives of the charity. This can be further separated as follows:

3.2.1. Designated Reserves

The portion of the unrestricted reserves that is either currently funding assets that cannot be readily converted into cash (e.g. equipment), or funds that are voluntarily earmarked for a specific purpose (e.g. building maintenance).

3.2.2. General Reserves

The portion of unrestricted reserves that is not designated, often termed 'Free' reserves; reserves that are freely available.

4. Reserves Target

Unrestricted Reserves

Following the 20 January 2025 Board of Trustees meeting, an aspirational target level of Unrestricted Reserves was set as the amount that would cover a minimum of six months estimated operational and responsible closure costs of Bradford Arts Centre. As of April 2026, this target level for unrestricted reserves is set at £535k.

It is also identified that, once this initial target can be met, designated maintenance reserves should be increased to ensure long-term financial stability.

Restricted Reserves

The monetary value of the un-expired portion of any grants, projects income, trusts or donations, which have been put at the disposal of the company to be used over a period exceeding the current financial year, must be maintained.

Under no circumstances should restricted reserves be used for activity that has not been approved by the grant provider.

5. Steps Taken to Contribute to Reserves

Back in 2017, original projected budgets for the period 2018-22 would have seen reserves badly depleted over that period (completely in worst case scenario planning).

To address this, a staffing restructure was completed in 2018 which yielded significant cost reductions and major improvements to organisational management. Alongside other operational savings and efficiencies, and good performance against income generation targets, this has enabled the company to begin gradually rebuilding its free reserves (see table below) – despite the intervening hiatus of Covid-19.

The company returned a modest surplus outturn every year from 2019/20 to 2024/25. In 2025/26 the company anticipates drawing on reserves to cover a modest deficit outturn of £54k (pending audit) solely related to delivery of major capital works. Bradford Arts Centre expects to return to a surplus position for the 2026/27 financial year.

Contribution to reserves will be considered within all future scenario-planning and, if the company is able to exceed targets, building reserves will be a priority.

As of 31/03/2026 Unrestricted Reserves stand at £183,725.

6. Reserves Position since 31 March 2019

	March 2019 £	March 2020 £	March 2021 £	March 2022 £	March 2023 £	March 2024 £	**March 2025** £	**Change since Prior Year** £	%	**Change since March 2019** £	%
Unrestricted General / Free	111,703	137,864	148,606	171,301	175,060	229,653	**238,014**	**8,362**	**3.6%**	**126,311**	**213.1%**
Capital Building Restricted	1,220,863	1,098,883	1,006,903	915,386	829,447	773,483	3,521,034	* 2,747,550		* 2,300,171	
Other Restricted	0	0	0	0	1,200	0	0	0		0	
Total Funds	1,332,566	1,236,747	1,155,509	1,086,687	1,005,707	1,003,136	3,759,048	2,753,339		2,426,482	

*** Incl. Capital Building depreciation**

7. Monitoring and Reviewing this Policy

The company's Head of Finance, overseen by the Treasurer once an appointment is made, will:

- Provide a financial report to the charity trustees on a quarterly basis at each trustee meeting which includes an update on the level of reserves.
- Set out what reserves are in the current year and previous year and, if appropriate, what the trustees aim to add to reserves for the current year.

If there is a reduction or a significant increase in reserves, the reasons for this change will be recorded in the minutes of the meeting. The charity trustees will also record any steps they intend to take to address the issues that have led to this change.

This policy was developed following guidance found in the following publications:

- Charity Commission for England & Wales - Charity reserves: building resilience (CC19) guidance
- The Charity Commission for Northern Ireland - Developing a reserves policy