



Financial Reserves Policy

Contingency fund

The Board revised its policy on reserves in June 2015 and decided the unrestricted funds not designated or invested in tangible fixed assets (“the free reserves”) held by the charity should be sufficient to cover 12 months of operating costs in a scenario where we received a significant loss of one or all major funding streams, together with sufficient funds to close the organisation down should it then prove unviable to continue. This amount is reviewed annually by the Board's Funding Subgroup and is calculated to cover redundancies (for both core and project staff), related key overheads and any other commitments which we would not be able to terminate immediately.

This reflects current good practice within the charities sector and at the review in June 2015 free LINK reserves were sufficient to meet this target.

Project staff incentive fund

In January 2014 the Board agreed to set aside £7,500 of unrestricted funds to act as an incentive fund available to encourage staff in fixed-term project posts to consider staying to the end points of these projects, if appropriate.

Discretionary Project Fund

At the start of each financial year the Board, informed by the Funding Sub group will make a recommendation for a discretionary budget to be included within the overall budget for the Discretionary Project Fund. This money is generally made available from any surpluses generated in previous years and is available for unplanned work and for taking forward new initiatives by LINK Task Forces and other groupings. These groups are required to apply to the Board as early in the financial year as possible, using the **Project Funding Application form** published in the members section of the website (or by emailing the Perth office - finance@scotlink.org). On receipt of the application the FSG and Board will give due consideration to the bid and provide feedback to the group. Where approval of the bid is given the funds will be released (in line with any specific terms). All expenditure and related income relating to all current DPF projects will be reported at each budget out turn.