

## Reserves Policy

March 2017

The Trustees are committed to providing funding for the health and wellbeing of the clergy in the long-term. The charity has been in existence for 125 years and wishes to continue the legacy of Canon William Henry Cooper, who established St Luke's Hospital for the Clergy in 1892.

In order to continue the work of St Luke's in the long-term, the Trustees' policy is to maintain significant reserves amounting to at least three times the average annual income shortfall over the last three years. These are held to cover annual expenditure on charitable activities and the costs of operating the charity in the event of falling fundraising income. The experience of recent years has confirmed the need to hold reserves, as the closure of St Luke's Hospital in 2009 sent fundraising income plummeting.

Legacy income represents a significant proportion of the charity's income and varies widely from year to year. The Trustees do not consider it possible or prudent to plan annual charitable expenditure on the basis of anticipated legacy income, which is so volatile. While efforts are underway to grow the non-legacy fundraising income, it will take time and the Trustees anticipate that expenditure from reserves will be required for at least the next three years to meet the needs of the clergy.

The Trustees have established a Permanent Endowment Fund, which is held for long-term investment in order to provide income to support the charity. It was established through transfer of the funds from St Luke's Hospital for the Clergy, amounting to £850,212, to St Luke's Healthcare for the Clergy. This recognised that the Hospital building was a long-term capital asset of the charity. While the Hospital building is no longer in existence, the capital continues to provide income towards the ongoing costs of providing health care for the clergy.

Voluntary income in some years falls well short of the amount needed to meet the charitable activities and the annual running costs. The Trustees are drawing on reserves in keeping with the policy of using reserves to fund charitable expenditure when there is an income shortfall. It is anticipated that there will be further draw-down on reserves in future years to meet the requests from the clergy for health and wellbeing support.

### Review

This reserves policy will be reviewed annually by the Trustees.

Approved by the Trustees

Signed Schoand Markman Dated 20-3-17

Chairman

Noted by the Board

Dated 20th March 2017

Reference Minute 9