**LAMPETER MUSIC CLUB RESERVE FUND POLICY**

**Introduction**

In 1995 Lampeter Music Club came close to insolvency, and was rescued by generous donations, and in particular by one member who provided a sum of £2000 specifically as an insurance against failure of the club following its re-launch.

At that time a regular grant was received from the Welsh Arts Council covering core expenditure. This stopped following the pressures triggered by the London Olympics and subsequent refocussing of the Arts Council spending. The club has struggled financially from this time and has called on its reserve.

**Why a reserve is needed.**

Lampeter Music Club needs sufficient reserve to meet its commitments in the event that sources of income fail to meet its expectation. The club functions largely on a year-on-year basis. Artists for each season's programme are booked during the season before, and the club commits to expenditure before income is received. Other potential financial pressures include unforeseen day-to-day operational costs, e.g. a need to employ temporary staff to act if trustees are unable, an unexpected call to provide instruments or other equipment for musicians, or the cost of a significant project that would require the club to provide ‘matched funding’. An insurance through *Making Music* protects against unavoidable costs should musicians fail to perform. The reserve therefore protects the club from a failure of income for reasons beyond its immediate control and would allow a breathing space in which to reorganise its activities in the event of further big change.

**The level of reserve needed.**

The trustees have decided that in principle one year’s expenditure is an appropriate size for a reserve fund. The reserve will be identified to be the financial assets of the club at the end of the financial year [which coincides with the end of the programme cycle], less any subscriptions received that are applicable for the year following and any money put aside for any additional significant future project which is not part of the usual activities of the club. The reserve should not be allowed to fall below the original £2000, and is not to remain consistently above £5000~~.~~

**Steps to be taken to maintain the reserve.**

At times when the reserve has fallen below the target minimum, the trustees will take special care to balance the costs of artists against the expected size of audience, so far as possible to generate income in excess of need to replenish the reserve, and will explore all additional income streams that might support replenishing the reserve. It is recognised that the alternative option of fewer or less costly performances risks reducing audience attendance and concomitant income.

**Steps to be taken if the reserve rises above the agreed maximum.**

Money above the upper value of the reserve will be used for the purposes of the club, in promoting additional or more expensive concerts, or other permissible activities for the benefits of members. This need not necessarily be in the year in which the surplus arises.

**Arrangements for monitoring and review of the level of the reserve.**

The treasurer shall keep a running account from year to year of the money available as a Reserve Fund. The trustees, and particularly the bookings secretary and the treasurer, should discuss the level of reserve~~s~~ during the period when bookings are being made, to consider the appropriate expenditure for the season to come. The level of reserve~~s~~ will be reported to the Annual General Meeting of the club, along with actions that have been taken in consequence.