



Reserves Policy

Target reserves: £8,000-£15,000, with a minimum target of approximately £8,000.

1. Purpose

This policy explains why Babigloo Music for Babies CIC holds reserves, the level of reserves the organisation aims to maintain, the circumstances in which reserves may be used, and how the Directors will monitor and authorise their use.

The purpose of holding reserves is to protect the CIC's ability to meet its commitments to babies, families, communities, staff and freelance musicians, and to provide reasonable financial resilience when income is uncertain.

2. Definition of reserves

For the purposes of this policy, reserves are unrestricted funds held by Babigloo Music for Babies CIC that are not already committed to a specific restricted grant, contract or other designated purpose. Restricted funds will always be used in accordance with the conditions attached to them and are not treated as general reserves.

3. Target level of reserves

Babigloo Music for Babies CIC aims to maintain a minimum reserve of approximately £8,000. Ideally, reserves will normally be maintained within a range of £8,000 to £15,000, subject to the CIC's income, commitments and future plans.

The Directors recognise that the exact level may fluctuate during the year. If reserves fall below the minimum target, the Directors will review the CIC's financial position and, where practicable, take steps to rebuild reserves. If reserves rise significantly above the preferred range, the Directors will consider whether some funds can responsibly be invested in furthering the CIC's community benefit objectives.

4. Permitted uses of reserves

Reserves may only be used where the Directors consider the expenditure to be in the best interests of the CIC and consistent with its community benefit purposes. Permitted uses are:

- **Contingency and continuity:** to manage an unexpected reduction, delay or loss of contract, grant or other project income, and to help maintain essential activity while replacement income is sought.
- **Fulfilling existing community commitments:** to enable Babigloo to complete community projects, programmes or sessions that have already been promised or committed to where expected income becomes unavailable or insufficient.

- **Closure and wind-down costs:** to meet reasonable liabilities if the CIC becomes unviable and has to cease trading, including contractual commitments, professional costs and any staff redundancy costs that may lawfully arise.
- **Additional staff and practitioner CPD:** including First Aid and other relevant professional development, and activity that enables staff or practitioners to deliver training in Babigloo's methods as an example of good or best practice.
- **Equipment:** to update, replace or improve equipment needed to deliver Babigloo's work safely and effectively.
- **Costumes and creative resources:** to meet additional or replacement costume requirements and other essential creative resources needed for delivery.
- **Conferences and networking:** to enable Co-Directors and/or music staff to attend relevant international, national or regional conferences, professional development opportunities or networking events, including reasonable travel and accommodation costs.
- **Small commissions for musicians:** to commission small, clearly contracted pieces of work from Babigloo musicians where appropriate, helping to provide modest income streams between funded projects while also producing work that benefits or develops the CIC's activities.

5. Authorisation and decision-making

The use of reserves must be agreed by the Directors and recorded appropriately in the CIC's financial records and/or meeting minutes. Decisions should take account of current cash flow, known liabilities, restricted funding conditions, forthcoming project commitments and the likely effect on the remaining reserve balance.

Reserves should not be used simply to support avoidable overspending or expenditure that falls outside Babigloo Music for Babies CIC's community benefit purposes.

6. Monitoring and review

The Directors will monitor the level of reserves as part of regular financial oversight. The reserves position should be considered when budgets are prepared, when significant funding decisions are made, and when new commitments are entered into.

This policy will normally be reviewed annually, or sooner if there is a significant change in the CIC's financial circumstances, funding model or level of commitments.

7. Policy approval

This Reserves Policy is approved by the Directors of Babigloo Music for Babies CIC and will remain in force until amended or replaced by the Directors.

Date approved:	06/10/2026
Review date:	01/2027
Approved by:	Jennifer Gordon
Signed:	<i>Jennifer Gordon</i>

