

Reserves Policy

For the purposes of this document, Salisbury Area Young Musicians (SAYM) includes Friends of Salisbury Area Young Musicians (FSAYM) and FSAYM Ltd except where specifically stated

FSAYM exists to provide musical and educational opportunities for young people in the Salisbury area. It mainly achieves this by providing a wide range of musical activities and performing groups led by professional musicians and music teachers. It encourages wider access and participation through outreach activities to local primary schools. Subscription levels are held low, and further rebates are offered to avoid cost being a bar to participation wherever possible.

1 Rationale for holding Reserves

SAYM holds reserves in order to:

- Have sufficient working capital for its normal operations (e.g. to pay bills even if revenue is received late)
- Provide against the risks of losing any important funding streams, to give time to replace them, or to manage costs appropriately
- Guard against unexpected cost increases
- Mitigate the impact (however unlikely) of unplanned closure of FSAYM

2 Financial commitments and risks

FSAYM budgets approximately £90k per annum to provide its core services (2023/24 figures – rounded for simplicity and clarity). Spending is split broadly as follows:

Spending type	Proportion
Leaders and assistants for ensemble groups	45%
Hire of venues	20%
Management of SAYM	25%
Other, including cost of concerts	10%

Having risk-assessed these spending commitments the Trustees believe that the Reserves should always provide for a full year of staff SLA costs (Ensembles and management).

Revenues are split broadly as follows (again 2023/24 and rounded for clarity):

Revenue source	Proportion	Comments
Subscriptions	55%	Numbers dropped during pandemic, have stabilised at a lower level
Grant from Wiltshire Music Connect	20%	Now renewed annually
Gift Aid on subscriptions	10%	Received significantly in arrears
Concert revenue and other fundraising	15%	

The Trustees consider subscription and Gift Aid income to be relatively stable but not completely dependable.

Although FSAYM enjoys a good relationship with Wiltshire Music Connect, the fact that the grant is renewed annually for only 12 months at a time poses a significant risk. The Trustees therefore consider that Reserves should be set with possible loss of this grant in mind. Reserves should cover two years of this revenue.

FSAYM intends to grow its other fundraising activities in order to mitigate this risk further, and to preserve flexibility to continue to offer meaningful subscription rebates to families who might otherwise not be able to participate in SAYM activities.

3 Restricted funds

Certain funds received from Wiltshire Music Connect are restricted in their usage. These restrictions limit usage essentially to FSAYM's core activities and hence the Trustees do not consider that they have an additional impact on the reserves policy.

4 Current Reserves Levels

Based on prudent financial management and the generosity of donors over many years, FSAYM had reserves of over £100,000 as at December 2023. Reserve

levels were set cautiously when FSAYM was set up in 2016, because of a number of major uncertainties at that time.

With the benefit of these significant reserves, FSAYM operated at a very significant deficit during the pandemic (2020/21). It returned a small surplus in 2022/23 and now budgets for a modest deficit for 2023/24.

5 Target level of Reserves

Based on their assessment of cost commitments and revenue risks, the Trustees consider Reserves should cover any of:

- a. A full year of the staff SLA costs of FSAYM; or
- b. The loss of the Wiltshire Music Connect grant for two years; or
- c. Three years' worth of annual budget deficits.

In practice c. above means that annual budgets will be set ensuring that deficits are always covered at least three times by Reserves held at the time.

For 2023/24 target Reserves will therefore be approximately £62,000.

6 Monitoring and review of the Policy

This policy will be monitored by FSAYM Ltd and reviewed annually by the Trustees.

This policy last reviewed on:

17 January 2024