

Reserves policy

Each year the trustees consider the appropriate level of free financial reserves. They review the RSPB's requirements and consider a sustained fall in income of 10–15% to be a reasonable basis for setting a minimum level. It is the intention of the trustees to hold sufficient reserves to enable expenditure to be reduced in a managed fashion, should the need arise, avoiding the need to halt work abruptly. The trustees have agreed that free reserves should normally be within a range of 8 to 16 weeks' worth of expenditure.

Free financial reserves at 31 March 2020 were £47.9 million representing 25 weeks' future expenditure, which is outside the range set by Council as a result of a strong income performance as well as a delay in project spend originally planned for this year to next. However, the higher than normal level of financial reserves provides an important financial buffer in the current climate of heightened uncertainty. It is anticipated that Free Financial Reserves will return to the required range over the next couple of years.

The RSPB holds financial reserves to support future activities in a number of categories:

- Total financial reserves at 31 March 2020 were £227.4 million, which is made up of:
 - Tangible fixed assets of £215.5 million
 - Cash and investments of £44.7 million
 - Working capital of £15.4 million
 - Pension liability of £48.2 million.
- Unrestricted reserves, available to be applied, at the discretion of the trustees, to any of the RSPB's charitable purposes, at 31 March 2020 were £65.7 million, made up of:
 - General funds of £52.2 million including £4.3 million of tangible fixed assets, £29.2 million cash and investments and £18.7 million working capital.
 - Designated funds of £61.7 million represented by nature reserves owned by the RSPB. There are no plans to dispose of these nature reserves.
 - Pension reserve liability of £48.2 million.
- Restricted reserves, to be applied to the specific purpose(s) intended by the donor, at 31 March 2020 were £161.1 million, made up of:
 - Nature reserves of £148.1 million
 - Other tangible assets of £1.4 million
 - Investments of £3.0 million

- Working capital of £8.6 million.
- Endowment reserves are restricted funds that are to be retained for the benefit of the Charity as a capital fund. Permanent endowments require the capital to be maintained and only the income and capital growth can be utilised. With expendable endowments the capital may also be utilised. At 31 March 2020 endowment funds were £0.6 million.

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