

Draft Reserves Policy

Objects of the Consortium

The purpose of the Consortium is to foster co-operation amongst its academic library members based in London and the South East in order to further their common objectives, co-operate with other bodies having similar objectives and carry out other aims as set out in the Consortium web pages.

Reserves policy

For the past two or three years the Consortium has had an explicit policy of generating surpluses to guarantee financial security and ensure a level of reserves in line with Charity Commission accounting requirements. This Reserves policy is a first attempt to set out the need for reserves and the appropriate level of reserves. It will be kept under review as Consortium activities develop and in the light of professional advice and members views.

The need for reserves

Consortium income is derived largely from membership subscriptions and is thus fairly stable and predictable. At the point of preparing a budget an assumption is made that all members will continue their membership. There is some risk that some members may decide not to renew their subscriptions and a slight risk that institutional mergers may lead to a small reduction in subscription income. In the past, members have not left the Consortium and it has benefited from the addition of several new members, although the scope for additional membership may be more limited in the future. There is a modest scope for additional income through sponsorship etc.

Reserves are needed to guarantee that current Consortium activities can be continued and to provide some "pump-priming" money for potential new services.

Business activities that need to be continued comprise staff development activities, resource discovery services, web pages, access arrangements, collaborative activities and general administration.

- Resource discovery activities are managed separately by the Systems Team based at LSE and funded through a separate subscription. There is a risk that, due to IT or related failures etc, additional resources may have to be made available during the year to maintain services and some reserves are necessary to cover this.
- Staff development activities are managed and funded separately on a cost-recovery basis by CPD25. There is a small risk of a small financial loss that would have to be underwritten by the Consortium to ensure that the administrator's salary is paid. There is also the possibility that the Consortium may have to provide unplanned staff development activities which CPD25 was unable to offer.

- The Consortium plans to recruit some administrative help and will need to ensure sufficient reserves to cover salary costs during a period of notice.
- Other activities require only modest funding but a small level of reserves is necessary to cover unanticipated expenditures.

In addition to maintaining current activities, reserves are sought to provide funds for pump-priming new activities which can be developed within existing subscription levels, for example

- New resource discovery tools.
- Funding to prepare bids for external funding e.g. through JISC. Such bids usually require consultancy.
- Projects taken forward by new Consortium working groups – e.g. student centred services and the working group on quality.

Appropriate level of reserves

At its meeting of 6 May 2004, the Steering Group proposed that the level of reserves “should be broadly in line with SCONUL, equivalent to 100-120% of the current year’s general subscriptions”

The current level of subscriptions for 2003-4 is £48,709. It is therefore proposed that, at this stage, the Consortium adopts a reserve in the region of £50,000 - £60,000, to be reviewed on an annual basis.

Review and comment

At present it is anticipated that at the end of 2003-04 the Consortium will have a surplus slightly in excess of the level of reserves agreed by the Steering Group. It is therefore proposed to budget to cover anticipated annual expenditure and not to include provision for building up reserves or contingencies in the 2004/05 budget. As the Consortium reviews its general activities – and particularly support for shared IT services - the appropriate level of reserves will be considered annually and if appropriate, professional advice will be sought.

The Consortium’s reserves are kept in an interest-bearing bank account.

*Nick Bevan, Treasurer
24 May 2004*