

# M25 Consortium of Academic Libraries



## Reserves Policy

### Income

M25 Consortium income is largely derived 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 related risk that institutional mergers may lead to a reduction in subscription income.

There is a modest scope for additional income through sponsorship, for example of the annual conference.

### Business continuity

Reserves are required to ensure that the Consortium's activities can continue in the event of a reduction in income or unexpected expenditure.

Business activities that need to be continued are:

- Resource discovery activities (InforM25)
- Staff development activities (cpd25)
- Directors Room & Staff Room (online forums)
- Web pages
- Access scheme
- Marketing
- General administration

At any given time there may also be one-off projects in progress.

Underpinning the business activities is the Support Team and the Consortium needs to ensure sufficient reserves to meet salary costs and/or costs associated with redundancy.

Many of the activities rely on a robust IT infrastructure and there needs to be sufficient reserves to ensure that systems can continue to operate in the event of a major failure. The Support Team is currently working on a transfer to virtual servers and once this is in place there will be no costs associated with recovery from a failure.

### Risk register

The Consortium's risk register has been analysed to identify those risks that would incur financial costs.

These are:

- Temporary staffing in the event of prolonged absence/vacancies
- Redundancy costs
- cpd25 activities e.g. speakers fees/venue hire in the event of cancellation
- Systems failure (nil cost once virtual servers are in place)
- Loss of income due to decline in members

### *cpd25 activities*

Event are organised on a cost-recovery basis and therefore the risk associated them is low. However there is usually a period at the start of each year, before income has been received, when it is necessary to pay invoices for venues, catering etc. A portion of the reserves is therefore retained to bridge this gap.

It is estimated that a total of **£116,000** would be needed to meet the costs of those items listed above.

It is highly unlikely that all the hazards would occur in a single year, however for the sake of prudence; the estimated total will be retained as reserves. This will provide a buffer in the event of any unexpected financial outlay and provide the opportunity for the Consortium to re-build the reserves.

At the start of the 2011/12 financial year the Consortium expects to have **£100,000** in its reserves. These will be retained in full and as and when under spends occur in the annual budget, these will be transferred to the reserves until it reaches the level of £116,000.

### **Review process**

The reserves are reviewed as part of the annual budget cycle and any areas requiring special funding are identified and the impact on the reserves discussed by the Steering Group. The Treasurer monitors the reserves throughout the year and provides regular reports at Steering Group meetings.

There will be a full review of the reserves in relation to the risk register every three years.

*Caroline Lloyd, Treasurer*

*23<sup>rd</sup> March 2011*

*Approved at AGM on 15<sup>th</sup> April 2011*