



Group Reserves Policy

2023-24

Responsible		
Version	Revision Details	Date

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1. Purpose and scope

1.1 Free Reserves are that part of a charity's unrestricted funds that is freely available to spend on any of its charitable purposes. However, some or all the unrestricted funds of a charity may not be readily available for spending. This is because spending those funds may adversely impact on the charity's ability to deliver its aims. Trustees must be able to justify the level of reserves held and explain how reserves are used to manage uncertainty. They must also explain when reserves are to be spent and how it will fund future activity.

1.2 The purpose of this policy is to give assurance to all stakeholders that the finances of the charity are actively managed, and its activities are sustainable.

2. Summary of Financial Management

Group Structure

2.1 CPL Group consists of Crescent Purchasing Limited trading as Crescent Purchasing Consortium, a company limited by guarantee and a registered charity (No. 1130461). The charity has two wholly owned subsidiaries Tenet Education Services and Tenet Procurement Services which are not registered charities and who gift aid all surpluses back to the charity.

Budget setting

2.2 The financial year end for CPL Group is 31st July.

2.3 The Board of Trustees approve a 5-year budget each June for the Group incorporating the charity and its subsidiaries.

Financial Management

2.4 The Finance team continually monitor income and expenditure against budget and produce monthly management accounts with detailed commentary of performance for review by the Group Leadership Team (GLT). These are made available to the Trustees who meet three times a year for formal review.

3. Risk and resilience

Risk

3.1 The group operates a detailed risk register which is regularly reviewed by the GLT. Thresholds have been put into place should income levels drop which will trigger appropriate responses to enable business continuity.

Resilience

3.2 The group have wholly owned assets consisting predominately of computer equipment. The group's main asset is its cash with enough cash reserves to fund over one full year of budgeted expenditure.

3.3 This resilience was tested during the Global pandemic and the national lockdown/restrictions imposed during 2020 and 2021 where the charity was able to secure jobs and operate remotely despite a severe drop in income.

Operating cashflow

3.4 The group have no loan facilities in place and no long-term creditors. Effective cash management ensures manageable trade debtor balances with all trade and other creditors being paid within their terms.

4. Reserve levels

4.1 There is no legal or specific rule which states the level of reserves that a charity can hold though the levels should be justified.

4.2 The reserve levels held by the group is calculated after taking into consideration:

- operating costs needed to continue trading for 12 months.
- tangible fixed assets used to carry out the charity's activities.
- programme-related investments in the furtherance of the charity's purposes.
- designated funds set aside to meet essential future spending.
- other commitments that have not been provided for as a liability in the accounts.

4.3 The calculation of held reserves are included in the 5-year budget plan for 2023-2028.

change from previous years

4.4 The group have previously maintained a policy of holding a minimum reserve balance to cover six months operating costs.

4.5 The lockdowns caused by the global pandemic and the significant loss of income as a result triggered the Board of Trustees, in 2021, to approve the increase of this cover to one year. This was to not only allow the group to retain as many jobs as possible during any similar crisis but also provide a sound base for the subsequent recovery.

4.6 The Board, however, acknowledge that the current level of reserves is healthy and so reserve the right to transfer funds into free (designated) reserves should they feel this investment would better serve the sector. This is whether full operational cost cover has been exceeded.


5. Investment of reserves

5.1 The group has high levels of cash which is invested in line with the Treasury Management policy to maximise additional funds.

5.2 The current 5-year budget details investment in the steady, organic growth of the business over the period. There are currently no plans for acquisition or merger.

5.3 In 2017 CPL purchased Tenet Education Services and its wholly owned subsidiary Tenet Procurement Services to form the CPL group. The companies have traded independently from CPL with all surpluses gift-aided to the charity each year. In March 2023 the board of trustees approved the merger of all employment terms and conditions to take effect during the year to 31st July 2024.

5.4 This is considered a substantial investment in the workforce operating within the subsidiaries of the group for which the charity will benefit in future years.



5.5 The Giving Back Group (formerly the Free Reserves Sub-Committee) chaired by the Financial Controller is responsible for managing the reinvestment of all excess reserves back into the sector through grant funding or the provision of additional free or subsidised services.

5.6 The current designated reserves relate to prior year excess reserves set aside for additional charitable activities as stated in the financial statements.

6. Reporting and communication of policy

6.1 Reserve levels will be reported as part of the monthly management accounts.

6.2 In accordance with the Charities SORP a statement of the reserves policy will be included in the Annual Report.

6.3 This policy will also be made available on the CPL Group website.

7. Review of Policy

7.1 This policy will be reviewed annually by the Board of Trustees in conjunction with the approval of the 5-year budget.

8. Data Protection

7.1 The process of personal data collected as part of this policy is in accordance with the group's Data Protection Policy. Data collected as part of this policy is held securely and accessed by and disclosed to, individuals only for the purposes of legal compliance. Employees should immediately report any inappropriate access or disclosure of employee data in accordance with the group's Data Protection Policy as this constitutes a data protection breach.

9. Equality, diversity and inclusion

8.1 CPL is an equal opportunity employer. This is not only a legal requirement underpinned by the Equality Act 2010 but also a commitment from the group. As an employer, the group embraces equality, diversity and inclusion (EDI) and seeks to ensure that its policies are free from unlawful or unfair discrimination and underpin the group's values.