

Reserves Policy 2026-27

July 2026

Responsible	Head of Finance and People	
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1. Purpose and scope

- 1.1 The purpose of this policy is to give assurance to all stakeholders that the finances of Crescent Purchasing Consortium (referred to as “CPC”, “the company” or “the charity”) are actively managed, and its activities are sustainable.
- 1.2 Free Reserves are that part of a charity’s unrestricted funds that is freely available to spend on 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.
- 1.3 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.

2. Summary of Financial Management

Group Structure

- 2.1 The 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 one wholly owned subsidiary Crescent Services (TPS) Limited which is not a registered charity and gift aids all its surpluses back to the charity.
- 2.2 Crescent Services has no employees. Direct employee costs in relation to its activities are recharged from CPC.
- 2.3 Crescent Services has three directors consisting of the Chair of the CPC Board, the Managing Director of CPC and the Head of Finance and People. They meet three times per year ahead of the main Board meetings.

Budget setting

- 2.4 The financial year end for CPC is 31st July.
- 2.5 The Board of Trustees approve a 5-year budget each year for the Group incorporating the charity and its subsidiary.

Financial Management

- 2.6 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.
- 2.7 An Employment and Finance committee was formed in July 2024 and consists of the Chair of the Board, who chairs the committee, four Trustees (three of whom are financial professionals and one people professional), the Managing Director and the Head of Finance and People. This committee meets three times per year, in advance of the main board meetings to discuss, in more detail the financial performance of the charity and any employee matters.

3. Risk and resilience

Risk

3.1 The main risks faced by the charity are:

- Significant loss of income.
- Compliance with GDPR and Data Protection legislation.
- Compliance with Health & Safety legislation.
- Business continuity in the event of a major disruption, including cyber-attack.
- Recruiting and retaining talent.

3.2 A risk register details the measures in place to remove or moderate the above risks. This is regularly reviewed by the GLT with key risks examined further within Board meetings.

3.3 Thresholds have been put into place should income levels drop which will trigger appropriate responses to enable business continuity.

3.4 In 2025 a Risk Working Group was created consisting of a Board member and the Managing Director, supported by the GLT. The remit of this group is to delve deeper into the key risks facing the charity and report on recommendations and progress to the main Board.

Resilience

3.5 The charity has recently purchased a new building which will act as its head office and is the main fixed asset, the remaining fixed assets predominately being computer equipment. The charity's main asset is its cash with enough cash reserves to fund over one full year of budgeted expenditure.

3.6 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.

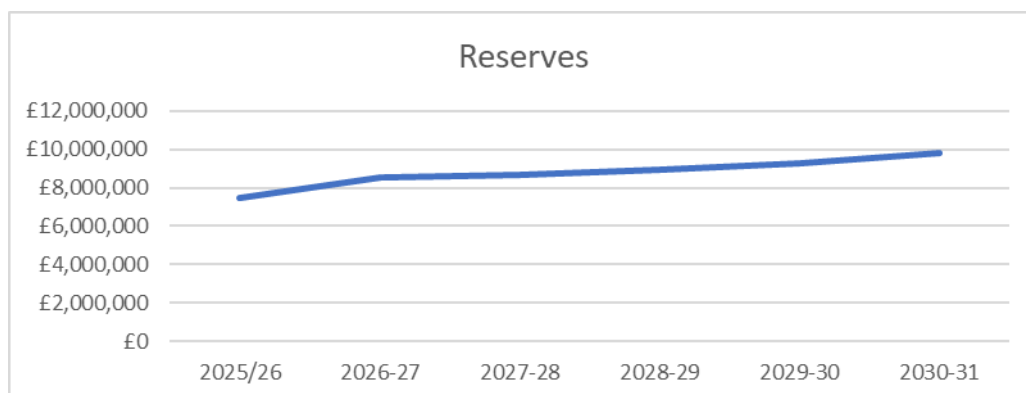
Operating cashflow

3.7 The charity has 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. Reserves 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 Levels of reserves are expected to grow over the next 5-years as shown in the graph.



- 4.3 The reserve levels required and held by the group is produced in two ways. The first method 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.
- 4.4 The second method looks at each of the key risks that affect the charity and calculates the cost to the charity should the risk come to fruition. These costs are totalled and a probability factored in.
- 4.5 The value of held reserves is the larger of the two figures calculated in paragraphs 4.3 and 4.4. These calculations are included in the 5-year budget plan for 2026-2031.
- 4.6 The level of reserves allows the charity to retain as many jobs as possible during any crisis (for example a global pandemic) and provide a sound base for the subsequent recovery.
- 4.7 Reserves levels in excess of the held reserves requirement are transferred to designated reserves and re-invested back into the educational sector through the charity's "Giving Back" initiative. From the reserves levels shown in the graph above it is estimated that £2 - £3 million will be re-invested over the next 5 years.
- 4.8 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 that this investment would better serve the sector. This is whether full operational cost cover has been exceeded.

5. Investment of reserves

- 5.1 The charity 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. The charity has recently purchased a commercial property to act as its Head Office and is in the process of refurbishing it. The current Head Office is a rented site with 2 years remaining on the lease though the 9-month notice period has been triggered.
- 5.3 The Giving Back Group chaired by the Chair of the Board 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.
- 5.4 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 are reported as part of the monthly management accounts.
- 6.2 In accordance with the Charities SORP a statement of the reserves policy is included in the Annual Report.
- 6.3 This policy is also made available on the CPC 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

- 8.1 There is no personal data collected as part of this policy.

9. Equality, diversity and inclusion

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