



Council
17 May 2023
GOsC Reserves

Classification	Public
Purpose	For decision
Issue	To consider the criteria for how GOsC may wish to use any excess reserves.
Recommendations	<ol style="list-style-type: none">1. To discuss the criteria for how GOsC may wish to use any excess reserves.2. To agree to reclassify the CPD reserve fund as an IT enhancement fund.3. To agree to make a contribution from reserves to the Institute of Osteopathy Convention 2023 – an international celebration of the recognition of osteopathy.
Financial and resourcing implications	These are set out in the paper.
Equality and diversity implications	None arising from this paper.
Communications implications	When agreed the principles/criteria for how GOsC may use any excess funds should be set out in within the Annual Report and Accounts.
Annex	None
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Key messages from this paper:

- It is good practice to hold reserves for unforeseen events and to invest excess funds in order to protect the cash asset from inflation erosion. Council reviews its reserves and investments together, at the July Council meeting.
- Council has previously agreed a target reserves range of between £350k - £700k which is based on its assessment of risk and the possible financial impact. For the year ended 31 March 2022, we are holding funds above the target reserves range. This is forecast to be the same for the year ended 31 March 2023.
- As Trustees of the Charity, Council members will need to be satisfied that the level of reserves held is appropriate. Where there is either excess funds held or insufficient funds held, there should be a plan to allow for corrective action to be taken.
- We are holding funds in excess of our target range. In order to determine how GOsC may wish to use any excess funds, a set of criteria has been developed for consideration by Council.
- GOsC currently has a designated CPD reserves fund which totals £77k. We are suggesting this designated fund is reclassified as an IT enhancement fund, which will support any future decision Council may take with regards to the upgrade of the IT CRM system.
- The Institute of Osteopathy is running an international convention later in 2023 which is a two-day international celebration of the recognition of osteopathy. We propose making a contribution to this event from reserves.

Background

1. The GOsC holds reserves as part of good business practice to ensure that it has funds available if unforeseen events materialise, such as a sudden increase in operational expenditure or income falling below expectations.
2. In addition, GOsC ensures its cash funds are protected by contracting with Brewin Dolphin to manage an investment portfolio which at the year-end was valued at £1.25m.
3. Reserves and investments are considered together annually at the July Council meeting.

Discussion

Reserves

4. In considering the reserves position, guidance from the Charity Commission on building resilience is given due regard. Questions arising from the Charity Commission guidance, which Council have previously reflected on, include:
 - Why you might need reserves for the charity to be effective?
 - How much do you need in reserves?
 - Have you got any funds in reserve at the end of the year?
5. In developing its reserves position GOsC has taken an evidence-informed view based on its risk profile. This has included consideration of an unforeseen increased volume of concerns; increased High-Court and/or Court of Appeal activity; uninsured losses and an unforeseen increase in quality assurance activity.
6. This approach has seen GOsC quantify its risk areas and develop a target range for reserves for between £350k-£700k.
7. The table below reflects the reserve position of the GOsC as at 31 March 2022, reflecting the amount of funds held, those designated or otherwise committed and those funds which would only be available after the sale of assets.

	£
Funds held	2,904,918
Restricted funds	-
Material funds designated or committed	(182,093)
Sale of assets	(1,650,250)
Funds remaining	1,072,575

8. This demonstrated that we had excess reserves of approximately £322k above the upper limit of our target reserve range as at 31 March 2022. We do not expect a significant change to this position for the year ended 31 March 2023.

Criteria for the use of excess reserves

9. As Trustees of the Charity, Council members will need to be satisfied that the level of reserves held is appropriate. And where there is excess funds held above what is considered appropriate, there should be a plan developed to allow for corrective action to be taken.

10. In order to determine how GOsC may wish to use any excess funds, a set of criteria has been developed for consideration by Council. The criteria do not commit Council to immediate action, but provide a framework for future decision-making. The criteria are presented for discussion, and pending Council feedback, can be presented to a future meeting for agreement.
11. The draft criteria which can be applied for the use of excess reserves are:
 - Council which has the ultimate authority to accept or reject excess reserve funding proposals.
 - Excess reserves should be used to fund one-off events/activities and not to fund ongoing operational GOsC expenditure.
 - Funding from reserves should only be used on activities which support the delivery of the GOsC strategic ambitions and where there is a clear business need/case. These may include infrastructure development projects or research projects.
 - Agreed funding should ideally, be spent within 12-months of approval or where longer is required, underpinned by a clearly defined plan identifying when and how the funds are to be spent.
 - External requests for funding will only be considered if they can demonstrate they meet the criteria for funding external proposals previously agreed by Council, being:
 - a. **Developmental:** the anticipated outcome would represent a clear development in osteopathic education, training or practice that aims to deliver a measurable and continuous improvement in the quality or safety of osteopathic healthcare.
 - b. **Public and patient benefit:** the initiative represents a clear public or patient benefit in terms of the enhanced quality and safety of osteopathic care.
 - c. **Cross-professional applicability:** the GOsC should support only projects that deliver developmental benefit that is applicable to the whole profession rather than for the benefit of a particular group or groups of practitioners.
 - d. **Collaboration:** initiatives should not be those of a single organisation but involve multiple partners and there should also be defined contributions from those organisations whether financial or in-kind.
 - e. **Clarity of outcome:** projects will only be considered for support if they include a clear plan for how the project outcomes are to be achieved and disseminated across the osteopathic profession.

Reclassification of existing designated fund

12. Currently GOsC has a designated fund to support the implementation of the CPD scheme. The 'new' CPD scheme was introduced over three-years ago and the designated fund now stands at £77k. We do not have plans to use this fund and therefore, it should be discontinued and subsumed back into General Reserves.
13. However, we are proposing that as Council will be considering options for enhancing our IT approach, such as around the possible upgrade to the CRM system, that we simply reclassify the CPD designated fund as an IT enhancement fund.

Institute of Osteopathy – convention 2023

14. In October 2023 the Institute of Osteopathy will be hosting a two-day international convention which will celebrate the recognition of osteopathy and osteopath's place in the wider healthcare system. The theme for the convention will be 'Delivering and developing excellence in osteopathic healthcare'.
15. The convention will have a number of internationally renowned headline speakers and will bring together clinicians, educators and researchers through different sessions.
16. The convention will mark 30 years since the passing of The Osteopaths Act 1993 and 25 years since the establishment of the GOsC. As the regulator, we will participate in a number of sessions during the convention. While the details of the sessions are still to be determined we can expect to use the October convention as an opportunity to raise the profile of our work with osteopaths, with patients and our collaboration with external stakeholders and partners.
17. In addition, the convention will allow us to not just reflect on what has been achieved since the passing of the Osteopaths Act 1993, but importantly, to look forward and to set out our vision for the future, towards 2030, which is our next Corporate Strategy strapline.
18. Given the nature of this event and its significance in bringing together a number of international partners to celebrate the recognition of osteopathy, the Chief Executive and Registrar considers that it would be appropriate for the GOsC to make a financial contribution to the running of the convention, which for the Institute of Osteopathy is planned to be a cost-neutral non-profit making event.
19. A contribution of between £25k-£40k would not impact our reserves position given the excess level identified earlier in the paper and would help to cement the GOsC as a key player within the international arena through the celebration of the recognition of osteopathy.

Recommendations

1. To discuss the criteria for how GOsC may wish to use any excess reserves.
2. To agree to reclassify the CPD reserve fund as an IT enhancement fund.
3. To agree to make a contribution from reserves to the Institute of Osteopathy Convention 2023 – an international celebration of the recognition of osteopathy.