ASPE
Association for the Study of Primary Education

# Operational Continuity
## Financial Reserves Policy

# Policy Version Control

| Status | Version | Date | Description of Changes |
|---|---|---|---|
| Draft | V0.1 | 23/11/2025 | First Draft of Document |
| Approved | V1.0 | 13/01/2026 | No Changes from Draft Version |
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# Operational Continuity: Financial Reserves Policy

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# Operational Continuity: Financial Reserves Policy

## Introduction

The Association for the Study of Primary Education (ASPE) recognises that financial resilience is essential to delivering its charitable objectives and maintaining public trust. Reserves provide a safeguard against unexpected events, ensuring that the charity can continue to operate even in times of financial stress. This policy sets out ASPE's approach to maintaining, managing, and using reserves, including the level held, the conditions for access, and the responsibilities for oversight.

## Purpose

The purpose of this policy is to define the role of reserves in ASPE's financial planning. Reserves are not intended to fund routine expenditure or discretionary projects, but to act as a financial safety net in emergencies. By ringfencing reserves and requiring Executive Committee approval for their use, ASPE ensures that its resources are protected and used responsibly.

## Reserve Level

ASPE will maintain reserves equivalent to twelve months of operational expenditure. This level is based on an assessment of the charity's risk profile, income streams, and expenditure commitments. It is considered sufficient to cover essential costs such as staffing, premises, programmes, and governance for one year, allowing time to respond to financial shocks or restructure operations if necessary. The reserve is held ringfenced and treaded as restricted funds and is not available for general spending.

## Use of Reserves

Reserves may only be accessed in circumstances where ASPE faces a significant and immediate financial risk that threatens its ability to continue operations or deliver its charitable objectives. Examples include sudden loss of major income streams, unexpected legal or compliance costs, urgent safeguarding requirements, or other emergencies that cannot be met from normal funds. Reserves must not be used to cover short-term cash flow gaps unless the situation is deemed an emergency. Any proposal to use reserves must include a clear justification, evidence of need, and a plan for replenishment.

## Approval Process

Reserves can only be accessed with the approval of the full Executive Committee. A proposal to use reserves must be presented by the Treasurer or Secretariat, supported by financial analysis. Approval requires a formal resolution of the Executive Committee, recorded in meeting minutes. The Committee must consider whether alternative funding sources are available, whether the use of reserves is proportionate, and how reserves will be rebuilt.

## Oversight and Reporting

The Treasurer is responsible for monitoring the reserve balance and reporting to the Executive Committee at least quarterly. The reserve level will be reviewed annually as part of the budgeting process to ensure it remains aligned with operational expenditure. Any use of reserves will be transparently reported in ASPE's annual accounts and explained in the Trustees' Annual Report. ASPE will maintain accurate records of reserve balances, approvals, and replenishment plans.

## Responsibilities

The Executive Committee holds ultimate responsibility for approving use of reserves and ensuring compliance with this policy. The Treasurer is responsible for financial oversight, monitoring risks, and advising the Committee on reserve levels. Trustees collectively are responsible for ensuring that decisions about reserves are made in line with ASPE's charitable objectives and duty of care.

## Recovery Strategy

If reserves are used, ASPE will prioritise rebuilding them to the target level of twelve months' operational expenditure. The Treasurer will present a recovery plan to the Executive Committee, setting out how reserves will be replenished through cost

savings, fundraising, or income diversification. Progress against the recovery plan will be monitored and reported until reserves are restored.

## Statement of Intent

By maintaining twelve months of operational expenditure in ringfenced reserves, and by requiring full Executive Committee approval for their use, ASPE ensures financial resilience, protects its mission, and upholds the trust placed in it by members, partners, and the wider public. Reserves are a vital safeguard, enabling ASPE to continue its work in primary education even in times of uncertainty.

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