Arboricultural Association

RESERVES POLICY

August 2026

1. Policy statement

1.1 The Arboricultural Association (the Association) will ensure that it retains sufficient cash reserves in order to be able to continue operating for at least six months in adverse trading conditions, such as a major economic downturn or pandemic. This would allow enough time for more substantial financial decisions to be made, such as loans or redundancies.

2. Overview

2.1 The Association is a charity and the leading organisation in the UK for tree care professionals employed in all areas of arboriculture. This includes those working contracting, consulting, local and national government, management, production, supply, policymaking, training, education, research and the charitable sector.

2.2 With more than 3,000 paying members from all areas of arboriculture and urban forestry based in the UK and beyond, the Association is the leading professional voice for the sector. The Approved Contractor and Registered Consultant Schemes help raise standards in arboriculture, as do a wide variety of training courses, events – including the annual Conference, ARB Show and Wednesday Webinars – and publications such as the ARB Magazine and Arboricultural Journal.

2.3 The Association is based in the Malthouse in Standish, Gloucestershire, where it employs a staff team who run the day to day operations. The Association is governed by a Board of Trustees and works in accordance with its published Articles of Association.

2.4 The main income streams of the Association are membership subscriptions, publication sales, training, accreditation schemes and events such as the annual Amenity Conference and the ARB Show. The trading arm of the Association is Arboricultural Association Trading Limited (AATL), a Limited Company which manages the Accreditation Schemes. All profits from AATL are donated annually to the Association.

2.5 The charitable objective of the Association is to advance the science of arboriculture for the public benefit. Its strategic vision is to inspire, support and promote the tree care community for a society that better appreciates and cares for trees.

3. Restricted and Unrestricted funds

3.1 In order to ensure that the Association is able to continue trading through adverse financial circumstances, such as a national or international economic downturn or due to a pandemic, it is essential that enough funds are held in reserve to ensure trading can continue. Reserve funds are also critical to ensure that the Association is able to invest in any business opportunity which might present itself, such as investments in the land and property owned by the organisation.

3.2 Charity reserves are typically divided into two categories: restricted and unrestricted funds. The Charity Commission for England and Wales defines these as follows:

Restricted funds: funds subject to specific trusts, which may be declared by the donor(s) or with their authority (e.g. in a public appeal) or created through legal process, but still within the wider objects of the charity. Restricted funds may be restricted income funds, which are spent at the discretion of the trustees in furtherance of some particular aspect(s) of the objects of the charity, or they may be endowment funds, where the assets are required to be invested, or retained for actual use, rather than spent.

Unrestricted funds: income or income funds which can be spent at the discretion of the trustees in furtherance of any of the charity's objects. If part of an unrestricted income fund is earmarked for a particular project it may be designated as a separate fund, but the designation has an administrative purpose only, and does not legally restrict the trustees' discretion to spend the fund.

[Source: Charity reserves: Building resilience. Charity Commission for England and Wales (January 2016). https://www.gov.uk/government/publications/charities-and-reserves-cc19/]

3.3 The vast majority of funding held by the Association falls into the category of unrestricted funds. The only exception is a relatively small amount of money (around £6000) held in the Memorial Fund.

4. Risk and response

4.1 The Association responded quickly to the last major economic downturn, the Covid-19 pandemic of 2020/21. After an immediate detrimental impact to business in 2020, key income streams recovered in 2021. The nature of the next set of adverse financial conditions is not known, and the lessons learned from Covid-19 will not necessarily apply.

4.2 This Reserves Policy assumes a worst-case scenario of an immediate 20% reduction in income, lasting for a six month period of adverse financial conditions.

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4.3 In the event of a major economic downturn resulting in a 20% reduction in income, the Association would seek to reduce costs by approximately 20%. This would be challenging, but achievable. Approximately 40% of the Association's overheads is comprised of payroll costs; the remainder includes many fixed costs.

4.4 A series of measures would need to be put into place including delaying purchases, reducing replacement of equipment and reducing the level of stock held. Beyond this, a Management of Change process might be required in order to reduce the overall payroll cost. Ultimately the Association could consider unlocking the value held in the Malthouse land and property.

5. Arboricultural Association reserves

5.1 The Association holds around £6,000 in restricted funds, allocated as the Memorial Fund.

5.2 Between 2022 and 2025 the average annual income of the Association was £1,712,987 per year, or £142,748 per month. Between 2022 and 2025 the average expenditure of the Association was £1,707,328 per year, or £142,277 per month.

5.3 It should be noted that a disproportionate amount of the Association's annual income is received in the early part of the year through membership renewals, equating to 44% of the annual income being received in the first financial quarter. Conversely, the Association's expenditure is broadly consistent throughout the year.

5.4 In the event of an immediate reduction in income of 20%, there would be a shortfall of around £29,000 per month to cover typical expenditure. If this financial situation were to continue for a period of six months, then that shortfall would total £174,000.

5.5 In order to cover this shortfall for a period of six months, in which time the Association would be able to consider and implement additional measures such as loans or redundancies, the Association will hold in £175,000 in general reserve.

5.6 The lowest point in the annual cash flow cycle is traditionally in the last quarter, usually in December. It should be noted that the highest-income month is January, when the majority of members renew their subscriptions and the Association receives approximately 30% of its annual income. This should be considered a mitigating factor in the event of the reserves level falling below the limits set in this policy at the end of the year.

6. Review and monitoring

6.1 This Reserves Policy was formally adopted by the Board of Trustees on August 3rd, 2026. It will be reviewed and ratified annually by the Board of Trustees.

6.2 Income and expenditure figures and cash flow will be reported to the Board of Trustees at each quarterly meeting, or more regularly by agreement. Annual figures will be published as part of the Association's Annual Report.

7. Document control

Written by: John Parker, CEO
Reviewed by: Finance & Governance Committee
Approved by Board: August 3rd, 2026
Next review date: August 2027

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