



CAPITAL & RESERVES POLICY

Ratified by Resources Cttee	29 th November 2018
Next Review (3 yrs)	Autumn 2021

CAPITAL

Purpose: Academies are expected to create reserves from their annual GAG funding. During the early years of operation GAG Funding levels created little opportunity to achieve a surplus. Currently, the DfE provides minimal funding in the way of Devolved Formula Capital Grant. In addition academies are able to bid for a share of the Academies Condition Improvement Fund.

The Governors of St John's School require a capital reserve to be created to fund future capital expenditure.

Scope: The Headteacher, in conjunction with the Accounting technician and Office Manager, is responsible for ensuring compliance with St John's School's Policies and Procedures.

Procedure:

- The Headteacher, in conjunction with the Accounting technician and Office manager should propose a capital reserve schedule to the Governors identifying the need to replace assets and the related sums required.
- The Governors should agree the value of capital reserves to be created in a year as part of the budget approval process.
- Funds should be transferred to a separate bank account at such a time that is clear that to do so would not create a deficit cash flow situation and would accrue a reasonable amount of interest.
- Spending of the capital reserve fund should only occur as agreed budgeted spend which is approved by the Governors as part of the budget process.

REVENUE

Purpose: Academies are expected to hold contingency reserves from their annual GAG funding or other income.

The Governors require a revenue reserve to be created to fund future expenditure related to the Academy Development Plan's strategic long-term aims and developments.

Scope: The Headteacher, in conjunction with the Accounting technician and Office manager, is responsible for ensuring compliance with St John's School's Policies and Procedures.

Procedure: The policy of the Academy is to carry forward a prudent level of resources designed to meet the long-term cyclical needs of renewal and any other unforeseen contingencies, subject to the constraint that the level of resources does not exceed the level permitted by the DfE.