



Blue Coat Church of England Academy

Capital and Revenue Reserves Policy

Date:	November 2018	
Prepared by:	Mrs D Deeming	
Review date:	August 2023	
Reviewed by:	Mrs D Deeming	
Governor ratification date:	28 th September 2023	
Chair of Governors' signature:	<i>L. Briggs</i>	Ms L Briggs
Principal's signature:	<i>DJ Smith</i>	Mr D Smith
Next review date:	September 2024	

Numbers 10:32: “If you come with us, we will share with you whatever good things the LORD gives us.”

Blue Coat Church of England Academy is an inclusive Christian learning environment, our school values underpin all of our policies: Wisdom, Endurance, Service, Kindness and Hope.

INTRODUCTION

Academies are expected to create reserves from their annual GAG funding and report on their reserves in the annual financial statements. However, Directors will also ensure that creating reserves is not to the detriment of the education of the current cohort of pupils.

CAPITAL

Purpose

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 Condition Improvement Fund. The Directors of Blue Coat CE Academy require a capital reserve to be created to fund future capital expenditure to support site improvement priorities, to safeguard the Academy’s assets in uncertain times and to carry out emergency repairs.

Scope

The School Business Manager, in conjunction with the Principal, is responsible for ensuring compliance with the Academy’s policies and procedures.

Procedure

- The School Business Manager, in conjunction with the Principal and Buildings and Site Manager should propose a capital reserve schedule to the Directors identifying the need to replace assets and the related sums required.
- The Directors should agree the value of capital reserves to be created in a year as part of the budget approval process.
- Spend of the capital reserve fund should only occur as agreed budgeted spend which is approved by the Directors as part of the budget process.

REVENUE

Purpose

Academies are expected to hold contingency reserves from their annual GAG funding or other income. The Directors require a revenue reserve to be created to fund future expenditure related to the Academy School Improvement Plan’s strategic longer term aims and developments.

Scope

The School Business Manager, in conjunction with the Principal, is responsible for ensuring compliance with the Academy’s policies and procedures.

Procedure

- Funds should be transferred to a separate interest-bearing bank account at such a time that is clear that to do so would not create a deficit cash flow situation.

- Any separate bank account should have access arrangements in place that will enable funds to be moved to the current account in the case of “unknown” major expenditure in order to ensure cash flow does not indicate a deficit.

Level of Reserves

The policy of the Academy is to carry forward a prudent level of resources in line with levels permitted by the DFE. Ideally, the level of reserves should not fall below the equivalent value of the payroll for one month, which is currently approximately £460,000. Directors will be given a monthly update on levels of reserves in the Management Accounts.

References

Academy Trust Handbook
Academies Accounts Direction
Financial Regulations
Financial Procedures Policy
School Improvement Plan