



Blue Coat Church of England Academy

# Capital and Revenue Reserves Policy 2025-26

|                                |               |                              |
|--------------------------------|---------------|------------------------------|
| Date:                          |               | November 2018                |
| Prepared by:                   | Mrs D Deeming |                              |
| Review date:                   |               | July 2025                    |
| Reviewed by:                   | Mrs D Deeming |                              |
| Governor ratification date:    |               | 9 <sup>th</sup> October 2025 |
| Chair of Directors' signature: | Mr D Smith    | <i>DJ Smith</i>              |
| Principal's signature:         | Ms L Parker   | <i>Parker</i>                |
| Next review date:              | July 2026     |                              |

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 students.

## **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. Directors have determined that the appropriate level of reserves should be £400,000. This will provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies, such as maintenance. 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