



Gartree High School

Capital Revenue and Investment Reserves Policy

1. Purpose

1.1 Academies are expected to create reserves from their annual GAG funding. The ESFA provide some Devolved Capital Funding to Academies, albeit at a reduced level during their first three years of occupation. The ESFA provides no other annual capital funding.

1.2 The Trustees of Gartree High School require a capital reserve to be created to fund future capital expenditure. These are normally met via transfers from GAG funding at year-end. (refer to Academies Financial Handbook for further information).

2. Scope

2.1 The Business Leader in conjunction with the Headteacher is responsible for ensuring compliance with Gartree High School Policies and Procedures. The Academy holds assets to fund planned capital expenditure over the next three years.

3. Procedure

3.1 The Business Leader should propose a capital reserve schedule to the Trustees, identifying, based on the assets owned, the replenishment cycle for those assets and the related sum of funds required in the summer term.

3.2 The Trustees should agree a value of capital reserves to be created in a year as part of the budget approval process in the summer term.

3.2 Spend of the capital reserve fund should only occur as agreed budgeted spend which is approved by the Trustees as part of the budget process.

3.4 In addition, a nominal amount, not exceeding £350,000 (any one time, if identified as surplus) should be transferred to a higher interest notice account in order to generate additional revenue for the Academy. Any higher amount requires approval by the Finance Committee. Governors would need to be confident of the bank's financial stability and review this annually.

3.5 The Academy will manage its own cash deposits and has nominated a list of two authorised signatories. The Business Leader will monitor the cash position and cash flow schedule and report this to the Finance Committee on a termly basis.

4. REVENUE AND INVESTMENT OF RESERVES POLICY

4.1 Purpose

Academies are expected to hold contingency reserves from their annual GAG funding or other income. Reasons should be provided to the Auditors / the ESFA where appropriate.

4.2 The Trustees of Gartree High School require a revenue reserve to be created to fund future expenditure related to the School Improvement Plan, strategic long-term aims and developments.

4.3 The revenue reserve should not fall below 1% of the previous years total GAG funding and will be reviewed annually.

5. Scope

5.1 The Business Leader in conjunction with the Headteacher is responsible for ensuring compliance with Gartree High School Policies and Procedures.

6. Procedure

6.1 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 ESFA.

6.2 The Governors of the Academy should regularly review any surplus funds and ensure these are invested in high interest accounts/bonds than would normally be acquired in the normal daily current operating account.

6.3 A separate account (higher interest) should have instant access in order to ensure any “unknown” major expenditure can be moved to the current account in order to ensure cash flow does not indicate a deficit.

6.5 Higher interest/fixed rate bonds should be used for any additional surplus of funds over and above the current and instant access accounts. Fixed rate bonds should not exceed a two year period. Ideally, fixed for a 12 month period in most instances.

6.6 Two signatories must be obtained for the setting up of any new accounts and the movement of funds between these accounts. Signatories must be the Headteacher and Chair of Governors or other authorised personnel.

6.7 Any new accounts/investments must be reported to the Finance Committee on a termly basis and summarised by the Chair to the full Governing Body.

NB: Academies may accumulate funds from private sources for the benefit of the Academy as the governing body sees fit.

Associated documentation: Academy Trust Handbook