



CAPITAL AND REVENUE RESERVES POLICY

Ratified by:	Finance Premises Audit and Risk Committee
Date:	12 October 2022
Agenda Item	6.5
Next Review:	Summer/Autumn 2023

Distribution:	Website
Related Policies	Finance Policy

Love learning, work together, *achieve* and shine.

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RECORD OF AMENDMENTS

September 2020	Additional paragraph inserted under revenue to reflect decision made 5 May 2016 that some of the reserves would be set aside to cover special needs and staff sickness.
October 2022	Reviewing body amended to FPAR.



Tatworth Primary School

CAPITAL AND REVENUE RESERVES POLICY

CAPITAL

Purpose

Academies are expected to create reserves from their annual GAG funding. During the early years of operation GAG Funding levels create 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 Capital Maintenance Fund.

The Board of Tatworth Primary School may require a capital reserve to be created to fund future capital expenditure but currently capital reserves carry forward are nil.

Scope

The Management Accountant, in conjunction with the Headteacher, is responsible for ensuring compliance with Tatworth Primary School's Policies and Procedures.

Procedure

- The Management Accountant should propose a capital reserve schedule to the Board identifying the need to replace assets and the related sums required.
- The Board 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.
- Any separate bank account 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.
- Spend of the capital reserve fund should only occur as agreed budgeted spend which is approved by the Board as part of the budget process.

REVENUE

Purpose

Academies are expected to hold contingency reserves from their annual GAG funding or other income. The Board require a revenue reserve to be created to fund future expenditure related to the Academy Development Plan's strategic long-term aims and developments.

The school does not hold Staff Absence Insurance Cover as the Directors agreed to cover this from the contingency fund. Please refer to Finance and Personnel Committee Minutes of 5 May 2016, which state that £20K of the contingency fund should be set aside for special needs and £30K in lieu of staff sickness absence.

On 12 October 2022 the Board agreed a reserve figure of £75,000.

Scope

The Management Accountant, in conjunction with the Headteacher, is responsible for ensuring compliance with Tatworth Primary School's Policies and Procedures.

Procedure

The policy of the Academy is to carry forward a prudent level 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.

This Policy will be reviewed by the Finance Premises and Audit Committee on an annual basis.

