**Measham Church of England Primary School Academy Trust**

**Capital and Reserves Policy**

**Capital**

**Purpose**

Academies are expected to create reserves from their annual Pupil Led Premiums [GAG] funding and it should be noted that there is no maximum limit or percentage restriction. Currently there is minimal funding in the way of Devolved Formula Capital Grant from the DfE. Measham Church of England Primary School Academy Trust is however aware that Academies are able to bid for a share of the Academies Capital Maintenance Fund, subject to relevant criteria and conditions.

The Trust requires a capital reserve to be created to fund future capital expenditure to consider and enable developments to the school building and premises.

**Scope**

The Business Manager, in conjunction with the Headteacher and Finance and Personnel committee are responsible for ensuring compliance with the Trust’s Policies and Procedures.

**Procedure**

* The Business 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 may be transferred to a separate account at such a time that is clear that to do so would not create a deficit cash flow situation
* Any separate 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 Governors as part of the budget process

**Revenue**

**Purpose**

Academies are expected to hold contingency reserves from their annual Pupil Led Premiums [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 Business Manager, in conjunction with the Headteacher and Finance and Personnel Committee are responsible for ensuring compliance with the Trust’s Policies and Procedures.

**Procedure**

The policy of the Trust is to carry forward an appropriate level of free resources namely that of one month’s expenditure designed to meet any unforeseen emergency or delay in receiving relevant Funding or grants.

This Policy will be reviewed by the Finance & Personnel Committee annually and must be signed by the Chair of Governors and Headteacher.

Signed ……………………………………………….

Chair of Governors James Parkinson

Dated …………..

Review December 2016