



The Academy for Character and Excellence

Capital and Revenue Reserves Policy

Policy Number :	ACEF005
Prepared by :	Group Finance Manager
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Next Review Date :	

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Signed By	Date

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 Governors / Directors of ACE Academy require a capital reserve to be created to fund future capital expenditure.

Scope

The Business Manager, in conjunction with the Chief Executive Officer (CEO), is responsible for ensuring compliance with ACE Academy's Policies and Procedures.

Procedure

- The Finance and Operations Manager should propose a capital reserve schedule to the Governors identifying the need to replace assets and the related sums required.
- The Governors / Directors 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 Governors / 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 Governors / Directors 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 Finance and Operations Manager, in conjunction with the CEO, is responsible for ensuring compliance with ACE Academy's Policies and Procedures.

Procedure



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 DfE.

This Policy will be reviewed by the Finance and Audit Committee on a 3-yearly cycle and must be signed by the Chair of the Strategic Board and the CEO.