



## Reserves Policy

<b>Category:</b>	Reserves Policy
<b>Authorised By:</b>	Board of Trustees
<b>Signature:</b>	
<b>Signed By:</b>	Barry Nolan
<b>Author:</b>	
<b>Version:</b>	1
<b>Status:</b>	
<b>Issue Date:</b>	October 2016
<b>Next Review Date:</b>	April 2018
<b>Update September 2017</b>	to reflect the change in governance and job titles

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# Eden Academy

## 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 Condition Improvement Fund..

The Trustees of Eden Academy require a capital reserve to be created to fund future capital expenditure.

#### **Scope**

The Director of Finance and Operations, in conjunction with the Chief Executive, is responsible for ensuring compliance with Eden Academy's Policies and Procedures.

#### **Procedure**

- The Director of Finance and Operations should propose a capital reserve schedule to the Trustees identifying the need to replace assets and the related sums required.
- The Trustees 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 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 Trustees 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 Director of Finance and Operations, in conjunction with the Principal, is responsible for ensuring compliance with Eden 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 Committee on a 3-yearly cycle and must be signed by the Chair of Board