



## Medway Anglican Schools Trust Capital and Revenue Reserves Policy

Version and Date		Action/Notes
1.0	March 2016	Draft version

### 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 Directors of Medway Anglican Schools Trust(MAST)require a capital reserve to be created to fund future capital expenditure.

#### Scope

The Business/Finance Manager, in conjunction with the Headteacher, is responsible for ensuring compliance of the individual Academy with the MAST Policies and Procedures.

#### Procedure

- The Business/Finance Manager should propose a capital reserve schedule to the Local Governing Body 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 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 as part of the budget process.
- This will be monitored by the Chief Finance Officer, as part of their control procedures.

### REVENUE

#### Purpose

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

#### Scope

The Business/Finance Manager, in conjunction with the Headteacher, is responsible for ensuring compliance of the individual Academy with MAST Policies and Procedures.

**Procedure**

The policy of the MAST 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 MAST Finance Committee on a 3-yearly cycle and must be signed by the Chair of Directors, the Chair of the Local Governing Body and Headteacher.

Policy Reviewed:	
Next Review:	
Signature of Chair of Directors Board	
Signature of Chair of Governors:	Signature of Headteacher: