



ASPIRE ACADEMY

CAPITAL and REVENUE RESERVES

POLICY AND PROCEDURES

POLICY FIRST ADOPTED AND RATIFIED BY THE TRUST	July 2014
POLICY REVIEWED / REVISED	November 2015
POLICY TO BE REVIEWED ANNUALLY OR AS REQUIRED	

Signature: *Val Jones*

Date: 2nd November 2015

Name: Val Jones

CHAIR OF GOVERNORS

CAPITAL RESERVES POLICY

The Academy Business Manager shall retain a hard copy of this procedure and distribute copies as required. Electronic copies of this procedure will be available via the Academy's shared network.

Purpose

Academies are expected to create reserves from their annual EFA funding. During the early years of operation, before full pupil capacity is reached, EFA funding levels create little opportunity to achieve a surplus. The DfE/EFA have provided some Capital Funding to Aspire Academy to carry out site and premises upgrade and to purchase certain levels of ICT infrastructure and equipment and appropriate Fixtures, Fittings and other educational equipment. The DfE/EFA otherwise provides no other annual capital funding. As a number of assets of Aspire Academy have been purchased simultaneously, they will reach the need for replenishment simultaneously.

The Governing Body of Aspire Academy requires a capital reserve to be created to fund future capital expenditure to cover the above. This fund will be created in budget year 2015-2016, as the timing of the spend of the DfE/EFA capital allocated will not be completed until September 2015.

Scope

The Academy Business Manager in conjunction with the Principal is responsible for ensuring compliance with Aspire Academy's Policies and Procedures.

Procedure

- The Academy Business Manager should propose a capital reserve schedule to the Trust's Governing Body identifying, based on the assets owned, the replenishment cycle for those assets and the related sum of funds required.
- The Governing Body should agree a value of capital reserves to be created in a year as part of the budget approval process.
- Agreed capital reserves funds should be transferred to a separate nominal account and separate bank account where possible to identify their planned future use. This account should be separately listed on the balance sheet.
Funds should only be transferred to this account at such time that it is clear that to do so would not create a deficit cash flow situation in the current fiscal year.
- In addition, this 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 Trust's Governing Body as part of its budget process.

REVENUE RESERVES POLICY

The Academy's Business Manager will retain a hard copy of this procedure and distribute controlled copies as required. Electronic copies of this procedure will be available via the shared network.

Purpose

Academies are expected to hold contingency reserves from their annual EFA funding or other income. However the element of reserve should not exceed 12% of the annual EFA funding. If it does exceed this amount, then a sufficient explanation should be forwarded to the DfE/EFA and approved via the Governing Body.

The Governing Body of Aspire Academy requires a revenue reserve to be created to fund future expenditure related to the Academy Improvement Plan, strategic long-term aims and developments. Aspire Academy aims to set an annual contingency fund of no more than 6%.

Scope

The Academy's Business Manager in conjunction with the Principal is responsible for ensuring compliance with Aspire 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 and EFA.

N.B. Aspire Academy may accumulate funds from private sources to defray for the benefit of the academy as the Governing Body sees fit.