



# Fulston Manor Academies Trust

## Revenue & Capital Reserves Policy

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**Member of Staff Responsible:**

**Mrs S Francis  
Trust HR & Business  
Director**

# Revenue & Capital Reserves Policy

## 1. Introduction

101 Academies are expected to create reserves from their annual General Annual Grant (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 Condition Improvement Fund.

## 2. Revenue Reserves Procedure

201 The policy of the Trust 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

202 Whilst the Board of Trustees (Trust Board) has responsibility for the Trust's finances, the Scheme of Delegation approved by the Governing Body delegates responsibility to the Trust Board Finance Audit & Risk Committee:

*To approve the Investments Policy to manage, control and track financial exposure, and ensure value for money; to review the trust's investments and investment policy on a regular basis.*

202 The Trust Board Finance Audit & Risk Committee has set a target of between 5% and 8% reserves per Academy to be held based on total income for each given year

203 An operational tolerance can be agreed at the discretion of the Trust Board Finance Audit & Risk Committee, with reserves to fall no lower than 5% of total income each year

204 An operational tolerance can only be agreed when it is deemed that there is sufficient justification and a corrective action plan in place to redress the balance of reserves in future years

205 Where reserves exceed 8% of total income the Trust Board will review any budgetary constraints and assess if targeted expenditure can improve any operational areas

## 3. Capital Reserves Procedure

301 Funds should be transferred to a separate deposit bank account at such a time that is clear that to do so would not create a deficit cash flow situation.

302 Spend of the Capital Reserve Fund should only occur when it has been approved by the Trust Board.