

**The Great North Wood Education Trust  
Capital and Revenue Reserves Policy**

<b>A.</b>	<b>Capital</b>
<b>1</b>	<b>Purpose and implementation</b>
1.2	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.
1.3	The Trustees of the Great North Wood Education have delegated responsibility for budget planning, setting and monitoring to Local Governing Bodies under the agreed Scheme of Delegation. Each local governing body in setting its budget will have heed to the requirements of this policy. Decisions will reflect the particular priorities at each school. A joint reserve may be agreed if the capital expenditure required is for a project effecting both schools.
1.4	The Chief Financial Officer, in conjunction with the Chief Executive, is responsible for ensuring compliance with these Policies and Procedures

<b>2</b>	<b>Procedure</b>
2.1	<ul style="list-style-type: none"> <li>• The Headteacher/Business Manager should propose a capital reserve schedule to the Local Governing Body identifying the need to replace assets and the related sums required e.g. a planned schedule of replacement of IT hardware</li> <li>• The Governors should agree the value of capital reserves to be created in a year as part of the budget approval process.</li> <li>• Agreed capital reserve funds should be transferred to a separate nominal account</li> <li>• 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.</li> </ul>

<b>B</b>	<b>Revenue</b>
<b>1</b>	<b>Purpose and implementation</b>
1.1	Academies are expected to hold contingency reserves from their annual GAG funding or other income.
1.2	The Trustees require a revenue reserve to be created to fund future expenditure related to the each school's Development Plan's strategic long-term aims and developments.
1.3	The Chief Financial Officer, in conjunction with the Chief Executive, is responsible for ensuring compliance with these Policies and Procedures.

<b>2</b>	<b>Procedure</b>
	The policy of the Trust is that each school should 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. The Master Funding Agreement sets no limit of funds that may be carried forward.

Policy Created	June 2017
Approved by Trust Board	17 July 2017
Signature of Chair of Trustees	Signature of CEO
Next Review	July 2018