



HILBRE HIGH SCHOOL HUMANITIES COLLEGE

CAPITAL RESERVES & INVESTMENT POLICY

Date Policy last Approved: 29/3/2016

Revised policy agreed by Academy, Business & Finance Committee: 12/6/2017

Policy ratified at Full Governors: 20/6/2017

CAPITAL AND INVESTMENT RESERVES POLICY

Purpose

Academies are expected to create reserves from their annual GAG funding, although ever increasing pressures on income caused by increasing salary and on-costs, does mean there is little opportunity for Academies to create a surplus. The EFA does provide some Capital Funding annually with the current annual amount totalling £23000 only; but no other Capital funding is provided to academies.

The Governors of the school require a Capital reserve to be available to fund future capital expenditure; these are created normally via transfers from GAG funding at year-end.

Scope

The Director of Business & HR and the Director of Finance are responsible for ensuring compliance with school's Financial Policies and Procedures. The school holds assets to fund any planned capital expenditure over the next three and as such should invest funds to minimise financial risk.

Procedure

- The Directors of Business & HR and Finance should propose a Capital Reserve schedule to Governors, identifying, based on the assets owned, the replenishment cycle for those assets and the related sum of funds required.
- The Governing Body should agree annually a value of the capital reserve to be entered into the accounts as part of the budget approval basis.
- Expenditure of the capital reserve should only occur as part of the planned strategic annual budget planning which has to have approval by the Governing Body and be subject to regular review by the relevant Governors Committees.
- In addition, a nominal amount, reviewed, approved and agreed annually by Governors, should be transferred to a high interest account in order to generate additional revenue for the school. Governors would have to be completely confident on the banks financial stability before investment approval is given.
- The Academy will manage its own cash deposits and has nominated a list of two authorised signatories (2 members of SLT) to be responsible for this account. The Director of Finance will report back termly on the cash flow schedule and report this back to Governors.

REVENUE AND INVESTMENT OF RESERVES POLICY

Purpose

Academies are expected to hold contingency reserves from their annual GAG funding or other income and this figure is expected to be no more than 12% of the GAG annually; however, following conversion the Academy may hold a higher percentage due to inherited funds in its bank account. This figure is reported back to the EFA as part of the year-end annual accounts.

The Governors are required to create a revenue reserve to fund future expenditure related to the Academy Improvement Plan and strategic long-term aims and developments.

Scope

The Directors of Business & Finance, together with the Head teacher are responsible for ensuring compliance with the school's Financial Procedures Policies and Procedures & Academies Financial Handbook.

Procedure

- The policy of the school is to carry forward a prudent level of resources designed to meet the long-term cyclical needs of renewal and any other unforeseen contingencies.
- The Governors of the school should regularly review any surplus funds not normally required in the normal daily current operating account and ensure that any surplus is invested in high interest accounts / bonds.
- A separate account should have instant access in order to ensure any “unknown” major expenditure can be easily moved between accounts if necessary and so not putting the school finances at risk of a deficit.
- Two separate signatories are required for the setting up of any new accounts and the movement of funds between these accounts. Signatories must members of the SLT, including the head teacher, as approved by the Governing Body.
- The Committee for Academy, Business & Finance committee must approve the set-up of any new accounts or investments before they are actioned and then these shall be reviewed on a termly basis as part of the termly financial review.

The Academy currently has two “High Interest” Deposit Accounts; one account is held with Lloyds Bank and has a 32 day notice period. The 2nd account is held with Virgin Bank and is instant access.