

GAG - SPECIAL PURCHASE REQUESTS

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INTRODUCTION

Bradford Diocesan Academies Trust (BDAT) delegate the General Annual Grant (GAG) funding directly to the academy, laid out by the Schemes of Delegation

Other elements of GAG for start-up funding received and Capital funding received need careful management during the transition to new academies buildings.

Academy Principals will be asked to consider Start Up and Capital budgets over the five year budget planning cycle. For Start Up Grant Part (a), Devolved Formula Capital Grant funding, ICT purchasing and utilisation of carried forward capital balances from GAG, Principals will be asked to submit the *Special Purchase Request Form* attached for consideration and approval by the Chief Finance Officer (CFO).

This will enable both the academy and BDAT to monitor the spending over the three year budget cycle and maintain balances for future capital purchases. This is aimed at protecting this funding as academies head towards the opening of new buildings, where reserves for Start Up Grant Part (a) and capital balances will provide the key funding to support the new environment.

START UP GRANTS

Two Start Up Grants are available to support additional temporary costs for a period after the academy opens:

- *Start Up Grant Part (a)* - This grant is for the purchase of a basic stock of teaching and learning materials including library books, text books, software, stationery, science equipment, PE equipment and other consumables.

The DFE will notify the academy of its Start Up Grant Part a in its annual funding letter alongside the other elements GAG; it does not require a bid from the academy. In the academy's first year after opening it will receive an allocation comprising a lump sum plus an amount based on the estimated number of pupils on roll in that year.

The academy will be asked for these estimates in the autumn term prior to opening. In subsequent years the academy will receive amounts based on the *increase* in pupil numbers over the previous year, until the academy reaches its planned capacity. If the academy opens with 90% or more of its planned pupil capacity it will receive all of its allocation in year one. In each year the grant will be paid in three instalments in September, October and November.

Requests to utilise this funding requires the *Special Purchase Request Form* to be completed and signed off by the Principal the Trust Finance manager (FD) and Chief Finance Officer (CFO), regardless of value.

- *Start Up Grant Part (b)* - This grant is primarily to address the following issues:

Diseconomies of scale - Where an academy opens with only a proportion of its planned body of pupils its pupil number-based GAG may, for a period, fail to cover all of the Academy's long-term fixed costs. A proportion of costs, typically senior management team salaries, may therefore be supported by Start Up b, the amount being related to the percentage by which pupil numbers fall below the planned total.

However where pupil numbers reach 90% of the planned total, it is expected that diseconomies would be managed within GAG.

Transitional costs - This comprises costs that do not represent long term obligations, for example additional staff costs arising from the need to complete courses begun by

Students at the predecessor school, but which do not form part of the academy's own curriculum ('dual curriculum costs'), and initial staff training.

Academies are required to bid to the DFE in order to receive Start Up Grant Part b. Invitations to bid will be issued in the autumn term one year before the academy is due to open. Grant will be paid in monthly instalments alongside the other elements of GAG.

Requests to utilise this funding do not require the *Special Purchase Requisition Form* to be completed. However, The standard purchase ordering authority limits at the academy do still apply with any purchase over £10,000 still requiring sign off by the Finance Manager(FM) or CFO.

CAPITAL PURCHASES

Capitalisation Policy

- Overall Policy

Subject to the value considerations and the details set out below, it is BDAT's policy to capitalise fixed assets in the Charity's ownership, and to depreciate them (using the straight line method) over their estimated economic lives.

- Capitalisation Level

With the exception of ICT equipment (see below), individual assets with a cost of £1,000 or above will be capitalised and entered on the asset register.

All PCs, Laptops similar items will be capitalised and entered on the asset register, and are not subject to the £1,000 minimum value outlined above.

All other non-ICT purchases/replacements with an individual item of less than £1,000 will be charged to expenses and will follow the standard purchasing procedures.

- Asset Categories and Depreciation Rates

Asset Category	Asset Life (Years)	Depreciation Rate (%)
BUILDINGS	50	2%
FURNITURE FITTINGS AND EQUIPMENT	10	10%
ICT EQUIPMENT	3	33.3%
MOTOR VEHICLES	5	20%

- New Build Sites and Existing Sites

New Build Sites and their assets will be capitalised as a total asset for each category, in line with the classification on the architects' certificates. Capitalisation date and the start of depreciation will be the day the building comes into use.

Items purchased for existing sites, unless the items are significant AND will be moved into the new build, will be charged to expenses.

Capital Items purchases from GAG balances

Until the move to their new sites, academies will continue to have the benefit of Start Up Part (a) and (b) funding outlined above and Devolved Formula Capital Grant (see below).

The purchase of higher value fixed asset items for academies, in earnest, is likely to become more relevant when they move to their new sites and the funds above dwindle.

Academies are allowed to carry forward an amount of GAG equal to 12% of the GAG awarded for the year just ended. This carry forward allowance can be used as follows:

- up to 2% of GAG can be used for any of the purposes for which GAG is paid, and/or for capital purposes;
- any balance in excess of 2% of GAG can only be used for capital purposes. The DFE may require any unspent GAG in excess of the 12% threshold to be surrendered.

BDAT needs to manage this funding carefully in order to maintain a sufficient level of capital balances carried forward from GAG for future capital requirements.

Requests to utilise this funding for any item over £1,000 requires the Special Purchase Request Form to be completed and signed off by the Principal the Trust Finance manager (FD) and Chief Finance Officer (CFO), regardless of value.

Devolved Formula Capital Grant

The DFE anticipates that there will be a need eventually for Academies to incur additional capital costs to ensure that buildings remain fit for purpose. Academies occupying premises more than three years old are eligible to receive an annual allocation of Devolved Formula Capital Grant (DFCG) and this should generally support the cost of minor capital works and ICT replacement.

Additionally all academies should budget for routine repairs and maintenance from within GAG or other existing resources. The DFE is continuing to monitor academies' needs as the programme develops, to ensure that capital issues that might otherwise impact on the delivery of education are adequately addressed.

Requests to utilise this funding requires the *Special Purchase Request Form* to be completed and signed off by the Principal, the FD and ICT Director (If ICT Requisition).