



CIT Treasury Management Policy

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June 2025	CFO	None
September 2026	CFO	Reviewed against the Academy Trust Handbook 2026 and DfE model investment policy. Updated for Clarion Inclusive Trust; ESFA references replaced with DfE; novel/contentious/repercussive transactions referred to DfE; borrowing section expanded; per-institution limit, fixed-term limit, reinvestment, links with other policies and authorisation form added.

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1.0 Purpose and Principles

1.1 Purpose

This policy sets out how the Trust (Clarion Inclusive Trust, including all of its academies) will manage its treasury management activities and invest funds surplus to operational requirements. It ensures that the Trust's funds are managed:

- In accordance with relevant legislation, including the Academy Trust Handbook, funding agreement, articles of association, and Charity Commission guidance (including CC14, Investing charity money).
- Prudently, with security of funds as the key priority.
- In a manner that achieves value for money and commands broad public support.
- So that trustees fulfil their duties and responsibilities as charity trustees and company directors.

The Academy Trust Handbook requires the Trust to have an investment policy to manage and track its financial exposure and ensure value for money. This policy is the Trust's investment policy for that purpose.

1.2 Definition of Treasury Management

Treasury management is defined by the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Treasury Management in the Public Services as:

"the management of the organisation's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

1.3 Clarion Inclusive Trust objectives for treasury management:

- To meet financial commitments when they fall due.
- To ensure that sufficient sums are available at short or no notice to meet operational requirements.
- To protect the capital value of surplus funds against inflation through deposits in interest-bearing accounts.
- To minimise the risk of loss of capital value of funds invested.
- To optimise returns on funds invested.

2.0 Responsibilities and Limits of Authority

2.1 The Trust Board:

- Approval of the Treasury Management Policy.
- Approving and appointing the Trust's bankers.
- Authorising the opening of all bank or other financial institution accounts.
- Acting within the Trust's powers to invest, as set out in its articles of association, and ensuring investment decisions are in the Trust's best interests and command broad public support.
- Exercising care and skill in investment decisions, taking advice from a professional adviser as appropriate.
- Ensuring exposure to investment products is tightly controlled so that security of funds takes precedence over revenue maximisation.
- Considering any novel, contentious or repercussive transaction and, where the Board supports it, seeking prior approval from the Department for Education (DfE). The request must be made to, and approved by, the DfE before the transaction is agreed and before it occurs. As defined in the Handbook:

- Novel: transactions of which the Trust has no experience, or which are outside its range of normal business.
- Contentious: transactions that may cause criticism of the Trust by Parliament, the public or the media.
- Repercussive: transactions likely to set a precedent and cause pressure on other trusts or the wider public sector to take a similar approach.

2.2 The Property and Finance Committee:

- Reviewing the Treasury Management Policy and recommending changes to the Trust Board.
- Ensuring the security of funds and appraising suitable financial institutions.
- Setting and reviewing the investment strategy annually, including level, term, and placement.
- Reviewing the Trust's investments and reporting on them to the Trust Board.

2.3 The CEO (via the CFO):

- Day-to-day implementation of the investment strategy.
- Operation of all bank accounts and investment vehicles within delegated limits.
- Ensuring that bank accounts, financial systems and financial records are operated by more than one person.
- Maintaining an investment register.
- Monitoring cashflow forecasts and reporting regularly to the Committee.
- Reviewing interest rates at least annually and benchmarking against other investment opportunities, including exploring the feasibility of placing surplus funds in high interest savings accounts.

3.0 Borrowing of Funds

Clarion Inclusive Trust must obtain the prior approval of the Department for Education (DfE) for any borrowing (including overdraft facilities, but excluding finance leases on the DfE approved list) from any source, where the borrowing is to be repaid from grant monies or secured on assets funded by grant monies, regardless of the interest rate. The DfE only permits borrowing in exceptional circumstances, such as schemes introduced by the Secretary of State for Education (for example, Condition Improvement Fund loans).

- The Trust must manage its cash position robustly and must avoid becoming overdrawn on any of its bank accounts, as an overdrawn balance would breach the restrictions on borrowing.
- There is currently no expectation that borrowing will be required. Any proposed borrowing, including a finance lease for an asset not on the DfE approved list, requires full Trust Board approval before an application is made to the DfE.
- Trust credit and purchase cards must only be used for business expenditure, and balances must be cleared in full before interest accrues.

4.0 Investment of Funds

4.1 Investment principles

Where funds are invested, return on investment, accessibility, and risk must be considered. The Trust will always prioritise security of funds over returns.

- Funds will only be invested in low-risk, easily accessible deposit accounts.
- Maximum notice period for withdrawal will be no more than 3 months (12 weeks).
- The Trust will exercise caution in investing any funds for terms in excess of 3 months.

- Fixed-term deposits will not normally exceed 12 months, unless there is a clear rationale, approved by the Property and Finance Committee, that a longer term would benefit the Trust.
- Funds will only be placed with UK-regulated institutions holding good credit ratings and regulated by the Financial Conduct Authority.
- Funds may be invested either with the Trust's main bank or with an alternative institution approved by the Property and Finance Committee.
- Funds surplus to immediate requirements in the current account will be transferred to higher-interest accounts where appropriate, and the Trust will explore the feasibility of placing funds in high interest savings accounts.
- Funds, and any interest earned on them, will be automatically reinvested unless required for immediate or anticipated expenditure.

4.2 Current Account Operations

- The Trust will operate a current account with an approved bank.
- A sufficient balance will be maintained to meet immediate commitments and contingency.

4.3 Surplus Fund Investment

- Surplus funds will be invested only in the name of the Trust.

5.0 Credit Risk and Approved Investment Institutions

5.1 Institution Assessment

- Security of investment is paramount. Institutions will be reviewed by the Property and Finance Committee prior to approval.
- Approved institutions will be listed in the investment register.

5.2 Professional Advice

- The CEO, through the CFO, may obtain external treasury advice to assist in institution selection.

5.3 Diversification

- Funds will be diversified across multiple institutions to spread risk.
- No more than £120,000 of invested funds will be placed with any one banking group, in line with the Financial Services Compensation Scheme (FSCS) deposit protection limit. Brands that share a banking licence count as one banking group. This limit does not apply to the Trust's main operational current account. Any higher limit must be approved in advance by the Property and Finance Committee and recorded in the investment register.

6.0 Cash Flow Forecasts

6.1 Annual Forecasts

- The CFO will prepare an annual monthly cash flow forecast to identify surplus funds and potential borrowing requirements.

6.2 Ongoing Monitoring

- The CFO will review cash flow and current account balances monthly, and report to the Property and Finance Committee at each meeting.
- The cash flow forecast will account for brought-forward balances.
- The cash flow forecast will cover all academies within the Trust.

7.0 Register of Investments

7.1 Register Maintenance

- The CFO will maintain a register recording:
 - Approved financial institutions.
 - All accounts holding Trust funds.
 - Investment limits per institution.
 - Full details of each investment:
 - Name of institution
 - Name of account
 - Date of deposit
 - Amount of deposit
 - Date of maturity
 - Amount returned
 - Interest earned
 - Rate of interest
 - Authorising personnel.

7.2 Authorisation of Investments

- All new investments will require an Investment Authorisation Form signed by two authorised signatories (Chair of Property and Finance Committee, Chair of Trustees, or CEO). A template form is set out in Appendix 1.

8.0 Monitoring and Review

- This policy will be reviewed at least annually by the Property and Finance Committee and approved by the Trust Board.
- The policy will also be reviewed if the Academy Trust Handbook or DfE guidance changes in a way that affects treasury management, or following a significant change to the Trust's structure.
- The CFO will monitor implementation of this policy and report any deviations or risks.

9.0 Links with Other Policies

This policy should be read alongside the Trust's:

- Finance Policy and Financial Procedures
- Scheme of Delegation of Financial Powers
- Reserves Policy
- Risk Management Policy and Risk Register
- Procurement Policy

Appendix 1: Investment Authorisation Form

Two authorised signatories (Chair of the Property and Finance Committee, Chair of Trustees or CEO) must sign before any funds are invested. The completed form is retained with the investment register.

Date investment made		Duration / maturity date	
Amount		Interest rate	
Institution		Account name	
Expected return		Notice period	
Description of investment			
Cash flow forecast confirms funds are not needed during the term (Y/N)			
Signatory 1 name (print)		Signatory 2 name (print)	
Role		Role	
Signature		Signature	
Date		Date	