

Investments Policy

1. Introduction

- 1.1. The Association's annual operating costs are met by a block grant provided by the Open University, in accordance with the Education Act 1994 and the provisions of [the Relationship Agreement](#) between the University and Student's Association. The Association therefore does not need to generate income from its investments to support core activities.
- 1.2. In the furtherance of our charitable objectives, the Association may invest funds not immediately required in or upon any investments, securities or property.
- 1.3. Funds available for investment over the short and longer terms will be identified by the Association short and longer term financial and cashflow forecasts.
- 1.4. The Board of Trustees has delegated to the Finance Resources and Risk Committee (FRRC) to investigate investment options and make recommendations to the Board for approval.
- 1.5. The Board of Trustees may appoint a professional investment manager to manage the Association's reserves in accordance with this Investment Policy and Controls on Expenditure Policy.

2. Investment Objectives

- 2.1. The Open University Students Association seeks to produce the best financial return that can be generated from low risk investments.
- 2.2. The bulk of funds will be held as cash/cash equivalents, to ensure sufficient funds are readily available to meet unanticipated cashflow requirements.
- 2.3. If supported by cashflow forecasts, the Association may invest in longer term deposits or funds offering a higher yield, with the aim of generating a return in excess of inflation, over the longer term, to preserve the overall value of the asset.

3. Risk

- 3.1. The Association prioritises liquidity over financial returns and accepts that this is likely to mean that the real value of the asset will depreciate over time.
- 3.2. To minimise the risk of loss from institutional failure, the Association will seek to spread the asset across several UK institutions, where the benefits of doing so are not outweighed by administrative costs.
- 3.3. For any funds invested over the longer term, the risks of market volatility must be mitigated by diversification of the asset across a variety of institutions and/or funds.

3.4. All funds will only be deposited or invested in institutions that are regulated and governed by the Financial Services Compensation Scheme (FSCS).

4. Time Horizon

4.1. The Director responsible for Finance is responsible for maintaining the Association's short and longer term (5 years) cashflow forecast.

4.2. The FRRRC will recommend to the Board of Trustees (and then review at least annually) the proportion of reserves to be held as liquid funds and the proportion available for investment for time periods of one month or more, based on the cashflow forecasts and relevant political, economic, social, technological, legal and environmental factors.

5. Ethical Investment Policy

5.1. The Board of Trustees has not imposed any specific ethical investment policy. However, the investments must be consistent with the Association's [mission, vision and values](#) and support the furtherance of our charitable objectives and strategic aims.

6. Delegated Authority

6.1. The Director responsible for Finance has delegated authority to place funds on fixed term deposit with NatWest (minimum deposit level is £100k) as long as the rate of interest earned by the deposit will be at least +1% compared with the rate applicable to the instant access arrangements (currently, our Corporate Cash Manager account); AND funds remaining instantly accessible are not less than average operating expenditure forecast to be funded from cash at the bank during the period of the fixed term deposit, plus £100k as a cushion.

7. Reporting, Monitoring and Review

7.1. The FRRRC will, as part of their Schedule of Work, review cashflow forecasts, review performance of investments and consider options for reserves within the parameters of this policy and provide an update to the next meeting of the full Board of Trustees.

7.2. The FRRRC will include the investment policy and report on the performance of investments in the annual Trustees' report, as part of the statutory financial accounts.

7.3. The policy will be reviewed by the FRRRC bi-annually with any recommendation for changes referred to the Board of Trustees for approval.

Reviewed and approved by the Board of Trustees: 31 January 2023