

Investment Policy

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1. Scope

The *Open SU Investment Policy* applies to how the Student Union manages and invests funds that are not immediately required for operations. This includes both short-term and long-term investments and covers the delegation of responsibilities for financial decisions and oversight.

2. Definitions

- **Liquidity** – The ability to quickly access funds when needed, prioritized over financial returns in this policy.
- **Cash equivalents** – Highly liquid assets that can be quickly converted into cash, such as short-term deposits.
- **Longer-term deposits (or funds)** – Investments held for more than one month, potentially offering higher returns but with less immediate accessibility.
- **Financial Services Compensation Scheme (FSCS)** – A UK government-backed scheme that protects deposits in regulated institutions, ensuring a degree of safety for investments.
- **FFRC** – Finance Resources and Risk Committee.

3. Purpose

The policy aims to:

- Ensure sufficient liquidity to meet the Union's financial needs.
- Enable the generation of returns from low-risk investments.
- Preserve the real value of assets over time (e.g., protect against inflation).
- Align investment practices with the Union's charitable objectives and strategic aims.

4. Roles and responsibilities

Role	Responsibilities
Director of People & Finance and Management Accountant	Maintains the Union's short- and long-term (3-year) cashflow forecasts, and delegated authority to place funds in fixed-term deposits with designated account.
Finance team	Manages the Union's reserves in accordance with this policy and implements appropriate controls on expenditure.
Board of Trustees	Overall oversight of the policy; reviews and approves any changes to the policy (as recommended by the FRRC).
FRRC	Recommend allocation of reserves between liquid funds and longer-term investments, based on economic and cashflow analysis, review policy bi-annually and investment options and make recommendations to the Board of Trustees.

5. About investments

5.1 Open SU'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 the Student Union. The Union therefore does not need to generate income from its investments to support core activities.

5.2 In the furtherance of our charitable objectives, the Union may invest funds not immediately required in or upon any investments, securities or property. Funds available for investment over the short and longer terms will be identified by the Union in their cashflow forecasts.

5.3 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.

5.4 The Board of Trustees may appoint a professional investment manager to manage the Union's reserves in accordance with this Investment Policy.

Investment objectives

5.5 Open SU seeks to produce the best financial return that can be generated from low-risk investments.

5.6 Minimum Reserves of three months core expenditure will be held as cash/cash equivalents, to ensure sufficient funds are readily available to meet unanticipated cashflow requirements.

5.7 If supported by cashflow forecasts, the Union 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.

Risk

5.8 The Union prioritises liquidity over financial returns and accepts that this is likely to mean that the real value of the asset will depreciate over time.

5.9 To minimise the risk of loss from institutional failure and market volatility, the Union will seek to diversify its assets across a variety of UK institutions and/or funds. This diversification will be pursued where the benefits outweigh any associated administrative costs.

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

Time horizon

5.11 The Director of People and Finance and/or Management Accountant is responsible for maintaining the Union's short-term and longer-term (3-year) cashflow forecast.

5.12 The FRRC 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.

Ethical Investment Policy

5.13 The Board of Trustees has not imposed any specific ethical investment policy. However, the investments must be consistent with the Union's mission, vision and values, and support the furtherance of our charitable objectives and strategic aims.

6. Delegated authority

6.1 The Director of People and Finance is authorised to place funds in an approved fixed-term deposit account, provided that:

- The interest rate on the deposit is at least 1% higher than the rate on our current instant access account; and
- Sufficient funds remain readily accessible to cover the forecast average operating expenditure during the deposit term, plus an additional £100k buffer.

7. Regulatory guidance

7.1 The FRRC 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 FRRC 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 FRRC bi-annually with any recommendation for changes referred to the Board of Trustees for approval.