Investment Policy

1. What this policy is about

1.1 This document sets out Livv Housing Group's Investment Policy. As a charitable Cooperative and Community Benefit Society ('CBS') Livv Housing Group is not registered with the Charity Commission but is charitable for tax purposes. To ensure best practice the 'Group' (as defined in section 2 below) follows the Charity Commission's legal and good practice framework for the investment of charity funds *Charities and Investment Matters – A Guide for Trustees (CC14)*, as most recently updated.

2. Our approach

2.1 Introduction

2.1.1 Although the 'Group' does not legally need an Investment Policy it maintains this policy to guide investments made by the 'Group'. As a charitable CBS in receipt of grant funding Livv Housing Group has publicly funded assets, and it can also make loans to (or qualifying investments in) or from subsidiary entities. The Regulator of Social Housing (RSH) will also be keen to ensure that publicly funded assets are not put at risk through investment activity and has some expectation that a policy is maintained with respect to investment activity.

2.1.2 The general principles for the Investment Policy should align with CiPFA's Treasury Management in the Public Services: Code of Practice (the 'Code'), as modified in CiPFA's Treasury Management in the Public Services: Guidance Notes for Registered Social Landlords (the 'Guidance Notes'). Most of the Code refers to the management of liquidity risk but the 2021 revision of the Code includes an increased focus on non-treasury investments. The requirement set out in the code for organisations to maintain Investment Management Practices and schedules of any Financial Investments made are consistent with the requirements set out in the Policy.

2.1.3 In this policy references to the "Board" shall be the common board and include, where appropriate, suitably constituted "Committees" of such board; charity "trustees" are referenced in the code of practice and guidance however in the context of this policy shall be referenced as 'board members.' This can include committee members in the Group context if decisions were delegated to committees; and "Constitution" means the Articles and objects (or equivalent) of the 'Group' entities.

This policy applies from November 2024
This policy applies to: Livv Housing Group, Livv Homes and Livv Maintenance.

2.1.4 The ‘Group’ recognises that the Investment Policy must be kept under periodic review. It will be reviewed formally every year and more often if changes in the external environment, for example legal, tax or market changes, mean it requires more urgent review. Board members of charities can invest money to provide income for their charity or as a way to meet its aims. When making investments they must:

- follow any rules set out in the charity’s governing document
- take expert advice where necessary
- have a mix of investments which will minimise any risk
- explain the Investment Policy in the trustees’ annual report

2.1.5 **Why would the ‘Group’ invest?** - The ‘Group’ would invest in order to achieve a return so that it can further its aims.

2.1.6 **What does this policy cover?** - This policy and the guidance set out the legal and good practice framework for the investment of funds by the ‘Group’. It covers:

- Financial Investment (‘FI’) – investing to produce the best financial return within the level of risk considered to be acceptable.
- the key steps in making financial investments.
- Social Investment (‘SI’) – investing money or property with a view to both achieving the Group’s aims directly through the investment and generating a financial return.

NB The ‘Group’ does not currently make – nor for the term of this policy does it intend to make – any Financial Investments. The ‘Group’ does maintain an intra-group loan facility. This is not currently utilised or planned to be but is approved and maintained. Should the ‘Group’ wish to activate it at some point in the future – before its expiry – the guidance within this policy would apply. The ‘Group’ has historically made a small number of Social Investments with a total current carrying value of £289k.

The separate investment guidance document carries further explanation regarding the different types of investments and considerations when making investment decisions.

2.1.7 **Who is this policy for?** - Anyone who makes investment decisions for the ‘Group’ should use this policy approach and supporting guidance as a tool to help them make confident, informed decisions and to report on those decisions.

The duties set out in this policy are based on the law relating to Trust Law, but directors of charitable companies are likely to have similar duties when investing their charity’s assets.

2.1.8 ‘**Must’ and ‘should’ within the policy and guidance means** - The word ‘must’ is used where there is a specific legal or regulatory requirement that you must comply with. ‘Should’ is used for minimum good practice guidance you should follow unless there’s a good reason not to.

2.2 Compliance

2.2.1 Board members have to comply with certain legal requirements and duties when investing a charity's assets for a financial return. Whilst there are legal expectations and requirements the 'Group' principally maintains this policy to adhere to best practice and regulatory requirements.

2.2.2 **Can all charities make FI's?** - All charities can make FI however a charity's specific powers of investment may depend on its constitutional form (for example, whether a charity is unincorporated or a company).

The 'Group's' constitutional documents place some conditions and limitations on the use of any investment powers - any such express powers should be referenced and considered before making such investments.

2.2.3 **What is the board members' role when making FI decisions?** - Board members have overall responsibility for the investment of a charity's funds. This means that they have a crucial role to play in making strategic decisions about how to use a charity's assets to achieve its aims. Although they may choose to delegate day to day decisions about investments to a third party the current 'Group' policy is not to delegate such decisions.

If the Board can demonstrate that they have considered the relevant issues, taken advice where appropriate and reached a reasonable decision, they are unlikely to be criticised for their decisions, or for adopting a particular policy.

2.3 Policy Statement

2.3.1 When investing the 'Group' and its Board should be clear about exactly what the 'Group' is trying to achieve by investing its funds. This may be different for each entity and will depend on its aims, operating model, timescales and resources.

2.3.2 How should investment objectives be set? - The 'Group' currently has no intention of making FIs however if this was to change the Board may find it helpful to review the 'Group's' overall financial position and how they are using the charitable and social assets to achieve its aims when setting the investment objectives. This will mean considering short and long term financial commitments, as well as the anticipated income.

In simple terms the 'Group' would need to be clear about what it wants to do, how it intends to do it and what the timescale for delivery will be. These considerations will govern how it decides what its investment objective will be.

2.3.2 **What risks should be considered when making investments?** - Risk is part of the investment process and there are a number of risks that Board members should take into account. Before making any investment decisions, the Board should consider what is the appropriate level of risk that they want to or are able to accept. As part of their duty of care, the Board must be satisfied that the overall level of risk they are taking is right for their charity and its beneficiaries.

An outline of the main risks associated with investment and ways that they can be managed is set out in the supplementary guidance.

2.4 Policy Outcomes

2.4.1 Once the board members have established their Investment Policy, they can decide on the type and range of assets that will achieve their investment objectives.

2.4.2 **What can the 'Group' invest in?** - Boards can make FIs in any asset that is specifically intended to maintain and increase its value and/or produce a financial return. Boards can invest in any type of investment while following the principles set out in this guidance and the treasury policy.

Possible types of investment include:

- interest bearing cash deposits in bank or building society accounts
- shares in a listed company (listed equities)
- interest bearing loans to a company or the government (bonds or gilts)
- loans to other not for profit or social enterprises
- buildings or land
- common investment funds and other collective investment schemes
- hedge funds
- commodities
- derivatives

In all cases Board must consider:

- how suitable any investment is for them - this will be influenced by the attitude to risk across its investment portfolio

  the need to have a mix of assets in their portfolios - this can protect the investments from sudden variations in the market and reduce the risk of the loss.

3. Responsibilities

3.1 All colleagues are responsible for carrying out their work in line with this policy and associated procedures. The Responsible Officer is responsible for the overall implementation of this policy. Specific responsibilities are set out below:

Role	Responsibility
Common Board	• Responsible for final approval under the Policy Framework
Executive Director's Team (EDT)	• Responsible for initial approval under the Policy Framework
Executive Director – Finance, Risk & Performance	• Oversee the review of the policy and guidance • Implementation of associated systems and procedures

Role	Responsibility
	• Ensure the proper application in association with the specific employees.
Director – Finance and Investment	• Ensuring policy principles are understood and adhered to • that the procedural approach is reflective of policy.
Financial Controller	• Ensuring investment activity is controlled within established policy parameters.
Finance Team	• To implement the policy at operational level

4. Monitoring and review

4.1 We will review the Investment Policy and Guidance annually, or sooner if our monitoring of the policy identifies that changes are required, for example because of changes to law, regulation or related Livv strategies and policies.

4.2 **What must the 'Group' do to assess the performance of their financial investments?** Boards must keep their FI portfolio under regular review. Reviews must cover:

- how investments are performing
- the service provided by the investment manager, if used

They should also monitor and review their internal arrangements for managing the charity's investments.

The 'Group' would monitor FI performance via the management accounts if such investments were held.

4.3 **Measuring investment performance** - Boards should decide on a system of target returns (for example benchmarks) against which they can measure the performance of the charity's investment portfolio over a specified time period. The precise nature of the benchmarks and targets will vary for each charity. Boards may wish to take expert advice from an independent organisation before making any such investments.

As the 'Group' does not currently make FIs - and has no intention of making such investments in the next twelve months – a schedule of target returns and benchmarks is not maintained. With respect to SI's (where previously referred to as PRIs) such returns and hurdle rates are stipulated within the relevant appraisal criteria which is held separately to this policy. For example new build appraisal criteria are maintained separately and subject to separate approval and monitoring by the 'Group'.

Control framework

Compliance

This policy supports compliance with:

- Regulatory standards, in particular the Economic Standards; and
- Best practice as set out in The Charity Commission's '*Charities and Investment Matters – A Guide for Trustees (CC14)'*, updated 1 August 2023 and CIPFA's *'Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance'* 2021 edition.

Document control	
Version	1.0
Policy applies from	20 November 2024
Policy applies to	Livv Housing Group; Livv Homes and Livv Maintenance
Approved by	Livv Common Board
Approved on	19 November 2024
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Responsible Executive Director	Executive Director – Finance, Risk & Performance
Policy author	Financial Controller
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Environmental Impact Assessment	Not required
Circulation	Intranet

Version control		
Version	**Date of Review**	**Summary of changes made**
1.0	November 2024	Revised policy following annual periodic review.