



Investment Policy

1 Aim and scope of policy

- 1.1 VIVID Housing Limited (the **Association**) is a registered Cooperative and Community Benefit Society and is regulated by the Regulator for Social Housing.
- 1.2 The purpose of this investment policy is to set out clear parameters for us to invest our funds to either produce a financial return or further our charitable aims.
- 1.3 The policy applies to the Association only. Investments made by our non-charitable subsidiaries are governed by the Standing Orders, intra-group agreements or their own policies.
- 1.4 Investment of surplus funds with banks or other institutions are governed by the Treasury Management Policy and are outside the scope of this policy.
- 1.5 Investment in housing projects involving Joint Ventures or other equity interests are subject to this policy.
- 1.6 Development of housing properties owned by VIVID are governed by standing orders and financial regulations.
- 1.7 This policy will be reviewed by the Board annually or as required if there are legal, tax, market or regulatory changes.

2 VIVID's objectives and investment powers

- 2.1 Our investment powers are contained within our Rules which say that we can do:
 - B1 - "anything that a natural or corporate person can lawfully do which is necessary or expedient to achieve its objects."
 - F15 - "the funds or monies borrowed by the Association may be invested by the Board in such manner as it determines."
- 2.2 We invest to achieve two objectives:
 - To maximise our resources - An investment intended to yield the best possible financial return within the level of risk considered to be acceptable to its Board.
 - To achieve our charitable purposes - An investment intended to further the Association's charitable aims at the same time as producing some financial return. The level of financial return is not the primary purpose for the investment.



2.3 Our charitable objects as stated in our Rules are:

- A2.1 The business of providing and managing housing, including Social Housing, and providing assistance to help house people and associated facilities, amenities and services for poor people or for the relief of aged, disabled (whether physically or mentally) or chronically sick people
- A2.2 Any other charitable object that can be carried out from time to time by a registered society registered as a provider of Social Housing with the Regulator.

3 Investment Policy

3.1 The board considers that an investment for any of the following purposes would further our objectives:

- (i) to accelerate the development of affordable housing within our operating area
- (ii) to develop property for private sales to cross-subsidise our social housing development programme
- (iii) to secure and safeguard our supply chain
- (iv) to improve the wellbeing of our customers

3.2 In addition to our objectives and investment powers, the following will be considered before making any investment decisions:

- **Risk vs Return** – The financial risk that is being taken should be assessed alongside our overall risk appetite and the expected returns.
- **Specialist knowledge** – The Board should exercise appropriate care and skill when making investment decisions. Advice will be taken from appropriately qualified specialists if necessary. And the Board should consider the robustness of financial projections used to calculate expected returns from an investment.
- **Tax implications** – The treatment of investments and returns may have a material impact on the expected returns. Again specialist tax advice should be taken where necessary.
- **Loan covenants** – This applies particularly to investments that constitute on-lending or financial support to other entities. These are subject to restrictions in our funding agreements. Any investment that creates a new subsidiary or joint venture may also require funders' consent.
- **Ethical considerations** – We should consider the values and ethics of any organisation we invest in and avoid any associated reputational risk.
- **Beneficiaries** – Ensure that any benefit to private individuals is necessary, reasonable and in the Association's interest and that any conflict of interest issues are identified, disclosed and managed appropriately.

3.3 We may borrow to invest but the costs of borrowing should be included in our evaluation of the investment opportunity.



4 Governance, decision-making and oversight

- 4.1 The Board delegates authority to the Chief Executive to approve investments that meet the criteria in 3.1, subject to the financial limits contained in the Financial Regulations. For any other investment decisions, the Board should consider the Association’s powers to invest and the criteria set out in Section 3.
- 4.2 The Treasury Committee will monitor the performance of investments at least annually. The committee should report to the Board if any investments fall short of the targeted returns.
- 4.3 If investments are underperforming the Board will seek to understand whether it is for an acceptable reason and take relevant action if appropriate. Similarly, if investments are performing significantly better than expected the Board should ensure that the over-performance is not due to exposure to greater risks than it is prepared to accept.

Author	Owner	Approval level e.g. Board	Date approved	Review date
Duncan Brown, Chief Finance Officer	Duncan Brown, Chief Finance Officer	Treasury Committee	April 2024	April 2025