



FUNDS MANAGEMENT AND INVESTMENT POLICY

1. PURPOSE

1.1 The Blackdown Support Group (“the Charity”) is committed to providing affordable, reliable and accessible services to people living in the communities of the Blackdown Hills. To deliver these services sustainably, the Charity must maintain sufficient financial resilience and invest strategically in future service delivery.

This Funds Management and Investment Policy sets out how the Charity will:

- Maintain appropriate reserves and liquidity
- Allocate funds for planned development and capital projects
- Invest surplus funds prudently
- Comply with statutory and regulatory requirements

The policy supports the Charity’s responsibility to manage risk, protect beneficiaries, and plan for long-term sustainability.ⁱ

2. OBJECTIVES OF THE POLICY

2.1 Liquidity and Financial Resilience

The Charity will hold sufficient readily accessible cash to:

- Meet short-term obligations
- Manage periods of major business interruption
- Enable orderly winding down of operations if necessary, including:
 - Phasing out services
 - Cancelling commitments
 - Supporting users to find alternative provision

The Trustees consider six months’ operating expenditure to be a reasonable and proportionate level of liquidity for these purposes.

2.2 Investment of Surplus Funds

Funds held above immediate operational and planned expenditure needs may be invested to:

- Generate income
- Protect the real value of reserves against inflation
- Support long-term strategic objectives

2.3 Regulatory Compliance

The Trustees will comply with:

- Trustee Act 2000
- Charity Commission guidance CC14: *Charities and Investment Matters*
<https://www.gov.uk/government/publications/charities-and-investment-matters-a-guide-for-trustees-cc14>

3. RESERVES POLICY

3.1 Definitions

The Charity distinguishes between:

- Free Reserves (General Funds): Unrestricted funds available for any charitable purpose
- Designated Funds: Unrestricted funds earmarked by Trustees for specific future purposes
- Restricted Funds: Funds subject to donor or funder-imposed conditions

3.2 Free Reserves (General Funds)

Purpose:

Free reserves exist to protect the Charity against financial risk and to ensure continuity of services.

Target Level:

The Trustees aim to maintain six months' core operating expenditure as free reserves.

This level reflects:

- Income volatility (grant funding, contracts, donations)
- The Charity's duty of care to service users
- The need to manage unexpected events without immediate external funding

3.3 Designated Funds

The Trustees may designate funds for specific strategic purposes. These designations remain unrestricted but represent clear commitments within the Charity's forward financial plan.

3.3.1 Designated Fund – Facilities Investment (Long-Term Sustainability)

Purpose:

Investment in premises and facilities to support long-term operational and income-generation plans, with the aim that facilities become self-funding over time.

Rationale:

Initial capital investment is required to:

- Enable new offices to operate in the medium term
- Support additional staffing linked to expanded user support services
- Allow offices to be let to third parties, generating rental income to offset long-term premises costs

This includes (but is not limited to):

- Statutory fire and safety compliance (fire doors, alarms, exits)
- Building and structural works
- Disabled toilet and access compliance
- Internal office refits and adaptations

This is a defined capital project, funded from reserves.

Fundraising Offset:

This project forms part of the Charity's fundraising activities.

3.3.2 Designated Fund – Site Facility Access Project

Purpose:

To improve accessibility and safety for service users, employees, volunteers and tenants, while also supporting rental income potential.

(Elements may be phased or adjusted subject to confirmed contractor quotations and written offers.)

3.3.3 Designated Fund – Strategic Opportunities and New Services

Purpose:

To provide seed funding for the development of new community services that align with the Charity's objects and offer long-term sustainability.

Costs for individual projects will be approved by Trustees on a case-by-case basis and reflected in the reserves table.

3.4 Income Gap and Transitional Funding

Due to reduced investment income following the purchase of Newland and while new revenue streams are established (e.g. sponsorship, service pricing, office rental), the Charity anticipates a short-term income gap.

This approach allows the Charity to invest in growth without destabilising core services.

3.5 Rationale for Holding More Than One Year of Running Costs

In some years, total Reserves (Free and Designated) may exceed one year's operating expenditure. The Trustees consider this appropriate where reserves are held for:

- Approved capital projects
- Strategic service expansion
- Income volatility and grant dependency
- Time-limited fundraising and development phases

All designations will be reviewed at least annually.

4. INVESTMENT PRINCIPLES

4.1 Risk and Return

The Charity seeks the best reasonable return within an acceptable level of risk, prioritising long-term capital appreciation and income with lower volatility than the broader equity markets and short-term liquidity.

The Charity seeks the best reasonable return within an acceptable level of risk, consistent with its charitable objectives and long-term financial sustainability.

The Trustees recognise that an excessive focus on short-term capital preservation and liquidity could lead to an overly conservative investment strategy (for example, an undue concentration in cash or fixed-interest assets), which may fail to protect the real value of funds over the long term.

Accordingly, the Charity will adopt a moderate risk investment approach, with the primary objective of achieving long-term capital appreciation with lower volatility than broader equity markets, while maintaining sufficient liquidity for operational needs.

This approach reflects the Trustees' decision in 2022 to move the portfolio to a Moderate risk profile, recognising that controlled exposure to growth assets is necessary to meet long-term objectives.

4.2 Total Return Approach

Investment decisions will consider both income and capital growth, although will understand that the principal source of return will be income. The overall aim of the charity's portfolio will be to at least maintain the real value of funds after costs over the long term (typically over any five-year rolling period).

The Charity will adopt a total return approach to investment, considering both income and capital growth. While income will remain an important component of returns—particularly in supporting ongoing activities—the Trustees acknowledge that capital growth will play a key role in maintaining the real value of reserves over time.

The overall aim of the investment portfolio is to at least preserve the real (inflation-adjusted) value of funds after costs over the long term, typically assessed over a rolling five-year period, rather than on a short-term or year-by-year basis.

4.3 Professional Advice

Where appropriate, and where Trustees lack relevant expertise, the Charity will appoint professional investment managers or advisers.

Any such appointments will be made in accordance with the Trustee Act 2000 and Charity Commission guidance, with clear mandates covering:

- Risk profile
- Investment objectives
- Ethical or practical constraints
- Reporting and performance review arrangements

4.4 Monitoring

Investment performance, asset allocation, and reserve levels will be reviewed at least quarterly, and during the business planning process, and the results reported to the Trustees.

Performance will be assessed against the agreed objectives, risk profile, and relevant benchmarks over appropriate time horizons. The Trustees retain ultimate responsibility for all investment decisions and will review the investment approach if the Charity's financial position, risk tolerance, or strategic priorities materially change.

Approved by Trustees on: 20th January 2026

Signed by Chairperson:



Next Review Date: January 2027
