Comhairle na nDochtúirí Leighis
Medical Council

Medical Council
Investment & Reserves Policy
2025

Investment & Reserves Policy

Document Reference	**Investment & Reserves Policy**
Version **Revision History**	**09/2025** **08/2021**
Purpose	**Outline the Investment and Reserves management process**
Commencement date	**October 2025**
Date of next review	**September 2027**
Policy Author	**Head of Finance**
Date of Approval by FAC	**September 2025**

Table of Contents

Investment & Reserves Policy

1 Purpose of Document

- The purpose of this document is to set out the policy which the Medical Council (the Council) will adhere to in relation to the quantification, management and investment of its financial reserves.
- It identifies the investment objectives, preferences or tolerance for risk, constraints on the investment portfolio, and how the investment programme will be managed and monitored by the Executive and the Council.
- This policy demonstrates the Medical Council's commitment to safeguard public funds, ensuring effective risk management over Investments and ensures that the Council can meet its working capital and liquidity requirements as they fall due.
- This policy shall adhere to all legislative and accounting requirements, and other government policies and guidance.
- The document was last reviewed by the Finance Advisory Committee (FAC) in September 2025 and is subject to review as appropriate.

2 Objectives of the Investment Policy

The objectives of the Policy are to define:

- What is meant by "Reserve"
- The benefits of setting out an Investment and Reserves Policy
- The procedure for quantification of the Council's Reserves
- The parameters to be applied in relation to the investment of Reserves

3 Definition of "Reserve"

- For the purpose of this document, a "Reserve(s)" is defined as funds which are available to the Council and which can be used at its discretion to further its objectives.
- A Reserve may be held to:
  - Meet future working capital requirements
  - Fund unexpected expenditure or income shortfalls
  - Finance a major project or event
  - Service long-term liabilities

4 Medical Council's requirement for a Reserve

The Medical Council Investment Strategy shall ensure that all funds are invested prudently, ensuring an appropriate balance between risk and return, so that the Council can safeguard public funds, meet its working capital and liquidity needs, and provide financial stability.

Key objectives of this policy are to:

- Ensure the safety of public funds
- Provide for the unpredictable nature of the activity and monetary requirements to cover legal and High Court Appeals.
- Maintain the Council's financial independence regardless of any significant, unforeseen event.
- Ensure that the Council is a going concern and in a net asset position.
- Achieve a required return necessary to implement any future policy or legislative requirements delegated to the Council.
- Ensure that the Council's commitments in relations to the Pension scheme can be honoured.

5 Benefits of an Investment Policy

The establishment of the policy is with a view to:

- Supporting the Council is relation to securing the optimal return on its investable assets
- Maintaining the real value of the Council's reserves relative to inflation
- Defining the Council's risk appetite as regards the size, nature and management of its investments, with a view to minimising same
- Delivering upon the Council's Statement of Strategy
- Establish a financial and ethical control measure
- Define parameters for the executive to work within in terms of delivering a return.

6 Responsibilities

i. The Council

- The Council has overarching responsibility for the assets of the Medical Council.
- The development, adoption and implementation of written investment policy.
- Determining and approving, upon recommendation by the FAC, the investment strategy of the funds.
- The appointment of Investment Consultants. Council will conduct a procurement process to appoint an investment consultant from time to time.
- The delegation of oversight of the management of assets to the FAC.
- Review the Investment Policy on a regular basis.

ii. The Finance Advisory Committee (FAC)

- The members of the FAC are delegated authority by the Council to provide oversight of the management of its assets and liaise with the Investment Consultants on the management of the Council's assets.
- Monitor performance of the Council's funds on at a least a quarterly basis.
- To meet with the appointed Investment Consultants on a quarterly basis.
- To approve the appropriate level of reserves as presented by the Finance Director and the CEO.
- Associated day-to-day administrative issues which may arise are delegated to the Finance Director.
- Based on the Investment Consultants relative performance, the FAC will recommend to Council when a procurement process for an investment consultant is warranted, and with Council approval, conduct such a process.

iii. Investment Consultants

- Allocate and manage the Council's assets in accordance with the investment objectives and parameters outlined in this policy. This includes determining appropriate risk and return objectives, a suitable asset allocation, selecting appropriate investments and asset managers and performance monitoring.
- Provide written reports regarding the performance of investments on a quarterly basis.
- Meet with the nominated representatives of the Council as specified within the Investment Policy, or with reasonable notice, on an ad hoc basis.

7 Quantification of Reserves

- The quantification of the Council's Reserves will form a key part of the organisation's financial planning.

- Reserves must be planned and quantified through the established budgeting and reforecasting processes; and monitored as part of the ongoing management of the Council's financial affairs.

- On an annual basis, the Finance Director will recommend to the Chief Executive the appropriate level of Reserves, having regard to:
  - Ensuring the working capital requirements are ring-fenced and an appropriate quick ratio is maintained in the Statement of Financial position.

    This ratio should be reviewed on a regular basis and should inform the decision-making process in regard to the timing of the movement of funds.
  - The outcome of the annual budgeting (and reforecasting) process.
  - A cash flow projection based on same
  - Known calls on funds in the forthcoming financial year and future years
  - A consideration of past cash flow trends and future liabilities
  - The value of fixed assets will be disregarded for Reserves Policy purposes.

- The recommendation will:
  - Set out proposed investment timeframes for the Reserve, i.e., the quantum which can be invested in the short, medium or long term
  - Consider the Council's aim that its short term reserves will equate to at least 3 months budgeted annual expenditure.
  - Consider future capital expenditure, operating requirements and liabilities in its allocation of medium and long term reserves.

- This recommendation, once agreed by the CEO, will be placed before the FAC and the Council as part of budget process each year (Annual or Flexed).

- It is recognised that Reserve levels will inevitably fluctuate year-on-year, reflecting variations in income and expenditure versus budget as well as capital expenditure in the period. This will be considered across a medium-term horizon, with any material variations addressed as part of the annual budget process or more immediately if deemed necessary by the Chief Executive.

8 Investment & Risk Management of Assets and Reserves

- Effective risk management is essential to safeguard public funds, ensure fiscal responsibility, and achieve the Medical Council's Investment objectives. The Medical Council adopts a cautious risk appetite, and the principal aim is to minimise the risk of loss on Investments, while ensuring appropriate returns and sufficient liquidity. The Risk Appetite for Investment will be reviewed periodically by Council.

- The Council will specify via the FAC, to its Investment Consultants, the parameters and mandate which must be adhered to as regards the type of assets which may be invested in. Any material change to the agreed investment strategy must be sanctioned by the FAC prior to action by its Investment Consultants.

- The Council will take a 5-10 year view of its medium to long term reserves and will seek to achieve its investment objectives over this horizon.

- The Council's Assets and Reserves will be placed by its Investment Consultants, which have been selected as part of a public tender process.

- Risk and required return will be considered in the allocation of capital across various time horizons. Relevant risks include liquidity risk, market risk, credit risk, counterparty risk and inflation risk. With regard to the investment of the Council's Assets and Reserves, key controls to minimize risk exposure are as follows:

(i) Liquidity Risk

- Funds will be placed with a view to ensuring that no less than 25% are available on demand (within 5 working days) at any one time.

(ii) Market Risk

- The Council favours diversified investment funds across multiple asset classes to give a better overall balance to their reserves, improve portfolio efficiency, optimise returns and minimize risk.
- The Council will not invest directly in single equity or corporate bond securities.

(iii) Counterparty & Credit Risk

- No More than 25% of the Council's reserve funds will be held in any one bank, security or investment product.
- Where application, such institutions must hold a long-term credit rating of Baa3 in the case of Moody's or BBB- in the case of S&P or Fitch, where application, unless otherwise approved by the Council.
- Where the long-term credit rating of an institution which holds funds on behalf of the Council falls below this level, the Council may seek to move such funds to an alternative entity.

(iv) Inflation Risk

- The Council will seek to maintain the real value of its reserves over its investment horizon.
- The key measure of inflation for the Council shall be Irish consumer price inflation (CPI).
- Generating a return in excess of CPI may be necessary to match future liabilities or capital expenditure.

(v) Responsible Investment

- The Council will seek to invest in investment funds that display positive environmental, social and governance practices. Funds must not be directly invested in:
  - Industries of negative association.
  - Companies of questionable repute or ethical environmental attitude.

(vi) Healthcare Exposure

- Funds must not be actively invested, either directly or through investment funds, in healthcare associated equity securities.

9 Reporting

- Any institution which manages funds on behalf of the Council will be required to provide quarterly written updates regarding the performance of the investment to its Investment Consultants ins Council will specify via the FAC, to its Investment Consultants; consolidated updates on such institutes will be tabled for review by the FAC.

- The performance of the Council's invested Reserves will be tabled for discussion at each meeting of the FAC, with a formal update provided to the Council on a quarterly basis.

- Investment risks, performance, and compliance will be reported quarterly to the Finance Committee with incidents of significant risk or loss escalated immediately to the Council. The risk management framework and controls shall be reviewed at least annually, or (a). after any significant change in the investment environment;(b). after any major incident, loss or fraud.