**Workington Town Council**

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**Investment Policy**

**1. Purpose**

The purpose of this Investment Policy is to establish the guidelines and framework for the investment of Council funds. This policy is intended to help ensure that Council funds are managed responsibly, in line with applicable laws and ethical standards, and in a manner that maximises returns while minimising risk.

**2. Scope**

This policy applies to all investments of Council funds, including reserves, earmarked funds, and any other surplus funds. It covers both short-term and long-term investments, ensuring that funds are managed prudently to achieve a balance of safety, liquidity, and return.

**3. Objectives**

The primary objectives of the council's investment policy are:

* Security of Capital: Ensure the protection of the capital value of investments.
* Liquidity: Ensure that sufficient liquidity is maintained to meet anticipated cash flow requirements.
* Yield: Aim to achieve a reasonable return within the constraints of security and liquidity.

These objectives will be considered in the context of the Council’s financial obligations and future funding requirements.

**4. Investment Principles**

1. Capital Preservation: Investments shall be made to safeguard Council funds by minimising exposure to capital loss.
2. Ethical Considerations: Investments will be made in alignment with the ethical standards and values of the Council. Avoid investment in companies whose activities are inconsistent with the Council’s values, such as those with negative environmental or social impacts.
3. Legal Compliance: Investments will comply with relevant UK legislation, including the Local Government Act 2003 and associated guidance from the Ministry of Housing, Communities, and Local Government (MHCLG).
4. Transparency: All investment activities shall be conducted in a transparent manner, ensuring that decisions can be fully justified and subject to appropriate review and audit.

**5. Permitted Investments**

Typical permitted investments include:

* **Bank Deposits**: Accounts and term deposits with high-credit-rated banks or building societies.
* **UK Government Gilts**: Low-risk government securities.
* **Money Market Funds**: Short-term investments in highly liquid, low-risk instruments.
* **Local Authority Bonds**: Investments in bonds issued by other local authorities.
* **Corporate Bonds**: Investment-grade corporate bonds (subject to risk assessment).
* **Property**: Only when there is a clear benefit to the Council's functions and prudent management.

Other investment options may be considered with specific Council approval and in line with legal and ethical requirements.

**6. Prohibited Investments**

The Council will not engage in:

* Equity-based investments or derivatives.
* High-risk investments, including unregulated investment products.
* Investments in institutions or entities that do not meet minimum credit rating standards set by the Council.

**7. Risk Management**

1. Credit Risk: Invest only in institutions with high credit ratings (AAA or equivalent).
2. Interest Rate Risk: Structure investments to mitigate the impact of fluctuations in interest rates, especially for longer-term funds.
3. Liquidity Risk: Maintain adequate short-term deposits to cover the council’s liquidity needs.

Periodic reviews of investment risk and creditworthiness of institutions will be conducted by the Council.

**8. Monitoring and Reporting**

1. Quarterly Review: Investments will be reviewed quarterly to assess performance and ensure alignment with this policy.
2. Annual Reporting: The Council will receive an annual report detailing the performance and status of all investments.
3. External Audit: Investment practices will be audited annually as part of the Council's financial audit process, if required by the external auditor.

**9. Delegation of Authority**

The committee responsible for managing the Council’s investments is delegated to the Finance and General Purposes Committee alongside the Chief Officer/RFO, which will administer the investments in line with this policy. Any investment decision outside the scope of this policy requires approval by Full Council.

**10. Policy Review**

This policy shall be reviewed annually or more frequently as required to ensure that it remains relevant and appropriate given the Council's financial situation, statutory changes, and market conditions.