



Pershore Town Council

PERSHORE TOWN COUNCIL INVESTMENT STRATEGY AND CONTROL OF RISK

As a local authority charged with public money, the overriding objective of the Council's investment strategy should be to focus on the security of its investments. Liquidity is not essential other than to ensure £55,000 can be realised annually to fund loan repayments.

For larger local authorities, it is clear that to determine low risk it is important to "have regard" to the use of credit ratings but to also make extensive use of information from other sources. It is in view of this that the Town Council is recommended to make use of a professional investment management company and to request that when reporting to the Town Council they include information relating to performance of the investments benchmarking them to the performance of the FTSE 100 over the same period.

Specified investments can be as per the list below and classed as low risk assets determined by high credit quality and where the risk of loss is extremely small. It is suggested 80% of the portfolio value is invested in this type of investment, either in bonds or equities, subject to the Annual Investment Strategy below.

These would be:-

- UK Government
- "Blue chip" company bonds
- Large local authority bonds
- Pooled investment vehicles (with AAA credit rating)

Non specified investments would include:-

- Main U K Banks
- Large Building Societies
- Other "blue chip" equities

It is suggested no more than 20% be invested in this type of investment.

ANNUAL INVESTMENT STRATEGY 2022/23

The Town Council currently has the majority of its investments in bonds and has appointed Barclays Wealth to manage their investments from 2015 onwards with a target income of 3% p.a. before Management Fees.

Review Date: February 2024

Barclays Wealth have authority within this strategy to invest the Council's funds to minimise risk as outlined above and with no less than 60% of investments being in fixed rate bonds.

Barclays to report monthly to the Town Council identifying the 80:20 specified and non specified split outlined above and the 60:40 split between bonds and equities.

The Town Council has reviewed the appropriateness of its investments and will continue to use its capital funds for capital purposes as the need arises.

The strategy will normally be reviewed annually by the Finance and Property Committee with a recommendation to Full Council at its April meeting.