

REPORT TO: PENSION SUB-COMMITTEE OF THE CITY GOVERNANCE COMMITTEE AND PENSION BOARD - 23 SEPTEMBER 2024

REPORT ON: ANNUAL TREASURY MANAGEMENT ACTIVITY 2023/2024

REPORT BY: EXECUTIVE DIRECTOR OF CORPORATE SERVICES

REPORT NO: 274-2024

1. PURPOSE OF REPORT

To review the Treasury Management activities for the period 1 April 2023 to 31 March 2024.

2. RECOMMENDATION

The Committee is asked to note the information contained within this report.

3. FINANCIAL IMPLICATIONS

The Fund's internal Treasury Management activities in 2023/2024 achieved income of £892,502.

4. BACKGROUND

At its meeting on 20 March 2023 the Pension Sub-committee of the Policy and Resources Committee approved the Fund's Treasury Policy Statement which set out the policies which governed all treasury transactions carried out by the Fund during the financial year 2023/24 (Article X of the Minute of Meeting of the Pension Sub-Committee of the Policy and Resources Committee of 20 March 2023, Report No 93-2023 refers).

The Treasury Policy Statement requires that the Pension Sub-committee of the Policy and Resources Committee will receive and consider the Treasury Management strategy in advance of each new financial year and subsequently an annual monitoring report on the activities in that year.

This monitoring report covers the Treasury Management activity over the financial year 2023/2024.

5. THE TREASURY MANAGEMENT STRATEGY FOR 2023/2024

The Treasury Management Strategy for 2023/24 was approved at the meeting on 20 March 2023 of the Pension Sub-committee of the Policy and Resources Committee (Article XI of the Minute of Meeting of the Pension Sub-Committee of the Policy and Resources Committee of 20 March 2023, Report No 94-2023 refers).

As a requirement of legislation, in order to ensure greater transparency of Pension Fund monies, Tayside Pension Fund has operated a separate bank account from that of Dundee City Council. Although the Pension Fund's investments are all managed externally, there are frictional cash balances which are held internally. These arise from timing differences between receipt of pension contributions and payment of pensions within the month.

The Pension Fund's Treasury Management Strategy is therefore based on cash flow management to ensure that sufficient funds are held to make all necessary payments with the primary concern of ensuring security and accessibility of cash to allow the capital to be preserved.

The expectation for interest rates which are incorporated within the Council's treasury strategy statement were based upon officers' views along with advice from our treasury advisers supported by a selection of City forecasts. The view on base rates at time of strategy publication (in March 2023) was that rates were forecast to reach 4.25% by the end of the financial year. It is important to note that The Bank of England increased base rate on three occasions during 2023/24 with base rate reaching 5.25% on 21 March 2024.

6. LENDING FOR 2023/2024

Interest Rates

Bank of England base rate started the financial year at 4.25% and increased to 5.25% by the end of the financial year.

Actual Lending

Variations in cash flow requirements mean that there will be surplus funds which will be invested for short periods (maximum of 364 days).

Short-term investments will be restricted to only those institutions identified in the Fund's approved counterparty list provided they have maintained their credit rating.

An analysis of the lending position to 31 March 2024 shows:

Month	Lowest Lending Amount £m	Highest Lending Amount £m	End of month Lending Amount £m	Interest Rate Range %	
				Min	Max
April 2023	7.610	40.000	36.750	4.04	4.22
May	27.575	37.135	27.575	4.14	4.45
June	22.425	31.750	22.425	4.40	4.83
July	14.335	25.410	14.335	4.69	4.96
August	8.140	15.390	8.140	4.94	5.21
September	2.860	12.485	2.860	5.18	5.35
October	2.600	11.380	7.030	5.30	5.39
November	5.230	23.400	21.490	5.32	5.39
December	19.760	29.360	19.760	5.30	5.38
January 2024	16.075	22.640	16.075	5.29	5.38
February	8.025	18.005	8.025	5.29	5.33
March	6.615	15.315	13.260	5.27	5.30

The lending activity shown above related solely to short-term positions. All of these loans complied with the Treasury Strategy Statement provisions on such lending with regards to amounts and institutions involved.

7. POLICY IMPLICATIONS

This report has been subject to the Pre-IIA Screening Tool and does not make any recommendations for change to strategy, policy, procedures, services or funding and so has not been subject to an Integrated Impact Assessment. An appropriate senior manager has reviewed and agreed with this assessment.

8. CONSULTATION

The Chief Executive and Head of Democratic and Legal Services have been consulted in the preparation of this report.

9. BACKGROUND PAPERS

None

ROBERT EMMOTT
EXECUTIVE DIRECTOR OF CORPORATE SERVICES

22 OCTOBER 2024