### REPORT TO: PENSION SUB-COMMITTEE OF THE CITY GOVERNANCE COMMITTEE & PENSION BOARD – 22 SEPTEMBER 2025

### REPORT ON: ANNUAL TREASURY MANAGEMENT ACTIVITY 2024/2025

### REPORT BY: EXECUTIVE DIRECTOR OF CORPORATE SERVICES

### REPORT NO: 262-2025

**1** **PURPOSE OF REPORT**

To review the Treasury Management activities for the period 1 April 2024 to 31 March 2025.

**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 2024/2025 achieved income of £980,611.

### 4 BACKGROUND

At its meeting on 18 March 2024 the Pension Sub-committee of the City Governance 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 2024/25 (Article X of the Minute of Meeting of the Pension Sub-Committee of the City Governance of 18 March 2024, Report No 77-2024 refers).

The Treasury Policy Statement requires that the Pension Sub-committee of the Policy and Resources Committee 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 2024/2025.

## 5 THE TREASURY MANAGEMENT STRATEGY FOR 2024/2025

The Treasury Management Strategy for 2024/2025 was approved at the meeting on 18 March 2024 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 City Governance Committee of 18 March 2024, Report No 78-2024 refers).

As a requirement of legislation, 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 2024) was that rates were forecast to be 3.75% by the end of the financial year. It is important to note that The Bank of England decreased base rate on three occasions during 2024/25 with rate being 4.50% on 6 February 2025.

**6** **LENDING FOR 2024/2025**

**Interest Rates**

Bank of England base rate started the financial year at 5.25% and decreased to 4.50% 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 2025 shows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  Month | Lowest Lending Amount£m | Highest LendingAmount£m | End of monthLending Amount£m | Interest Rate Range% |
|  |  |  |  | Min | Max |
| April 2024 | 13.185 | 40.000 | 38.150 | 5.22 | 5.29 |
| May | 29.905 | 39.150 | 29.905 | 5.21 | 5.26 |
| June | 21.680 | 31.780 | 21.680 | 5.19 | 5.26 |
| July | 14.500 | 23.000 | 14.500 | 5.18 | 5.23 |
| August |  8.650 | 19.695 | 8.650 | 5.04 | 5.21 |
| September |  2.110 | 25.910 | 23.235 | 5.00 | 5.08 |
| October | 15.035 | 24.360 | 15.035 | 4.93 | 5.00 |
| November | 6.000 | 17.385 | 6.000 | 4.79 | 4.95 |
| December | 5.900 | 30.165 | 18.640 | 4.74 | 4.79 |
| January 2025 | 8.825 | 18.840 | 8.825 | 4.73 | 4.78 |
| February | 3.835 | 15.000 | 3.835 | 4.56 | 4.74 |
| March | 3.585 | 18.025 | 6.125 | 4.52 | 4.59 |

The lending activity shown above related solely to short-term positions. All 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

**PAUL THOMSON**

**EXECUTIVE director OF CORPORATE SERVICES** **23 September 2025**