

REPORT TO: PENSION SUB-COMMITTEE OF THE CITY GOVERNANCE COMMITTEE & PENSION BOARD – 28 SEPTEMBER 2026

REPORT ON: ANNUAL TREASURY MANAGEMENT ACTIVITY 2025/2026

REPORT BY: EXECUTIVE DIRECTOR OF CORPORATE SERVICES

REPORT NO: 220-2026

1 PURPOSE OF REPORT

To review the Treasury Management activities for the period 1 April 2025 to 31 March 2026.

2 RECOMMENDATION

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

3 FINANCIAL IMPLICATIONS

There are no financial implications arising from the agreement of this report.

4 BACKGROUND

At its meeting on 17 March 2025 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 2025/26 (Article IX of the Minute of Meeting of the Pension Sub-Committee of the City Governance of 17 March 2025, Report No 98-2025 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 2025/2026.

5 THE TREASURY MANAGEMENT STRATEGY FOR 2025/2026

The Treasury Management Strategy for 2025/2026 was approved at the meeting on 17 March 2025 of the Pension Sub-committee of the Policy and Resources Committee (Article X of the Minute of Meeting of the Pension Sub-Committee of the City Governance Committee of 17 March 2025, Report No 99-2025 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 2025) 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 2025/26 with rate being 3.75% on 18 December 2025.

The Fund's internal Treasury Management activities in 2025/2026 achieved income of £1,101,059.

6 LENDING FOR 2025/2026

Interest Rates

Bank of England base rate started the financial year at 4.50% and decreased to 3.75% 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 2026 shows:

Month	Lowest Lending Amount £m	Highest Lending Amount £m	End of month Lending Amount £m	Interest Rate Range %	
				Min	Max
April 2025	5.700	30.830	27.780	4.47	4.54
May	16.530	28.555	16.530	4.31	4.49
June	9.880	21.175	9.880	4.29	4.36
July	4.300	50.000	50.000	4.23	4.32
August	48.300	50.000	48.300	4.07	4.24
September	41.325	49.800	41.325	4.02	4.11
October	34.100	43.495	34.100	4.03	4.12
November	24.620	35.820	24.620	4.03	4.09
December	16.115	24.395	16.115	3.91	4.04
January 2026	49.900	33.185	49.300	3.86	3.94
February	48.075	60.000	60.000	3.79	3.90
March	54.375	60.000	54.375	3.76	3.85

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 OCTOBER 2026