

**ITEM No ...7.....**

**REPORT TO: PENSION SUB-COMMITTEE OF THE CITY GOVERNANCE COMMITTEE & PENSION BOARD – 18 SEPTEMBER 2023**

**REPORT ON: ANNUAL TREASURY MANAGEMENT ACTIVITY 2022/2023**

**REPORT BY: EXECUTIVE DIRECTOR OF CORPORATE SERVICES**

**REPORT NO: 262-2023**

**1 PURPOSE OF REPORT**

To review the Treasury Management activities for the period 1 April 2022 to 31 March 2023.

**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 2022/2023 achieved income of £277,631.

**4 BACKGROUND**

At its meeting on 21 March 2022 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 2022/23 (Article XI of the Minute of Meeting of the Pension Sub-Committee of the Policy and Resources Committee of 21 March 2022, Report No 89-2022 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 2022/2023.

**5 THE TREASURY MANAGEMENT STRATEGY FOR 2022/2023**

The Treasury Management Strategy for 2022/23 was approved at the meeting on 21 March 2022 of the Pension Sub-committee of the Policy and Resources Committee (Article XII of the Minute of Meeting of the Pension Sub-Committee of the Policy and Resources Committee of 21 March 2022, Report No 90-2022 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 2022) was that rates were forecast to increase from 0.75% to 1.25% by the end of the financial year. It is important to note that The Bank of England

increased base rate on eight occasions during 2022/23 with base rate reaching 4.25% on 23 March 2023.

## 6 LENDING FOR 2022/2023

### Interest Rates

Bank of England base rate started the financial year at 0.75% and increased to 4.25% 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 2023 shows:

Month	Lowest Lending Amount £m	Highest Lending Amount £m	End of month Lending Amount £m	Interest Rate Range %	
				Min	Max
April 2022	2.700	32.700	26.400	0.51	0.68
May	19.325	26.400	19.325	0.63	0.94
June	15.200	19.325	15.200	0.85	1.12
July	10.600	16.640	10.600	1.11	1.35
August	3.150	10.450	3.150	1.27	1.73
September	2.900	21.200	13.500	1.66	2.12
October	10.650	16.450	10.650	1.99	2.27
November	3.675	11.420	3.675	2.18	3.04
December	2.915	23.815	14.770	2.92	3.29
January 2023	11.995	20.195	11.995	3.26	3.47
February	5.895	13.700	5.895	3.46	3.93
March	3.595	9.095	7.670	3.88	4.10

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**

**8 SEPTEMBER 2023**

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