Sunderland City Council

Item No. 7

AUDIT AND GOVERNANCE COMMITTEE **4 February 2022**

TREASURY MANAGEMENT – THIRD QUARTERLY REVIEW 2021/2022

Report of the Executive Director of Corporate Services

1. Purpose of Report

1.1 To report on the Treasury Management performance to date for the third quarter of 2021/2022.

2. Description of Decision (Recommendations)

2.1 The Committee is requested to:

- Note the Treasury Management performance during Quarter 3 of 2021/2022 (Appendix A).
- Note the Lending List Criteria at Appendix B and the Approved Lending List at Appendix C.

3. Introduction

3.1 This report sets out the Treasury Management performance to date for the third quarter of the financial year 2021/2022, in accordance with the requirements of the Treasury Management Policy and Strategy agreed by Council.

4. Summary of Treasury Management Performance for 2021/2022 – Quarter 3

4.1 The Council's Treasury Management function continues to look at ways to maximise financial savings and increase investment returns to the revenue budget, whilst maintaining a balanced risk position. Public Works Loan Board (PWLB) rates have reduced since the start of the financial year but continue to be volatile. In line with discussions with the Council's economic advisors, the Council took advantage of the low borrowing rate troughs that have occurred following the emergence of the omicron variant and has taken out £100 million of new borrowing during the financial year to support the financing requirements of the Council's Capital Programme. These rates were considered opportune and will benefit the revenue budget over the longer term. The lower rate of borrowing has also meant that the Council's average rate of borrowing has reduced.

4.2 No refinancing of debt has been possible in 2021/2022 during the period as rates have not been considered sufficiently favourable. The Council's average interest rate on borrowing is low, currently 2.54%, and, as such, the Council already benefits from this lower cost of borrowing and also from the ongoing savings from past debt rescheduling exercises. Based on advice from the Council's treasury advisor, performance continues to see the Council's rate of borrowing compare favourably to other authorities.

4.3 Treasury Management Prudential Indicators are regularly reviewed, and the Council is within the limits set for all of its Treasury Management Prudential Indicators. The statutory limit under section 3 (1) of the Local Government Act 2003, which is required to be reported separately, (also known as the Authorised Borrowing Limit for External Debt) was set at £1,037.108m for 2021/2022. The Council's maximum external debt during the financial year to 31st December 2021 was £581.373m and is within this limit. More details of all of the Treasury Management Prudential Indicators are set out in Section 2 of Appendix A for information.

4.4 The Council's investment policy is regularly monitored and reviewed to ensure it has flexibility to take full advantage of any changes in market conditions which will benefit the Council.

4.5 As at 31st December 2021, the funds managed by the Council's Treasury Management team have achieved a rate of return on its investments of 0.16% compared with the benchmark 7 Day LIBID (London Interbank Bid) rate of -0.07% (set at 0.125% less than the corresponding 7-Day LIBOR rate which due to the fall in gilts means the benchmark rate has become negative). Performance is above the benchmark rate, whilst still adhering to the prudent policy agreed by the Council, in what remains a very challenging market.

4.6 More detailed Treasury Management information is included in Appendix A for Members' information.

4.7 The regular updating of the Council's authorised lending list is required to take into account financial institution mergers and changes in institutions' credit ratings since the last report. The updated Approved Lending List is shown in Appendix C for information.

5. Recommendation

5.1 Members are requested to note the Treasury Management performance for the third quarter of 2021/2022.

5.2 Members are requested to note the Lending List Criteria at Appendix B and the Approved Lending List at Appendix C.

Appendix A

Detailed Treasury Management Performance – Quarter 3 2021/2022

1 Borrowing Strategy and Performance – 2021/2022

1.1 The Borrowing Strategy for 2021/2022 was reported to Cabinet on 9th February 2021 and approved by full Council on 3rd March 2021.

1.2 The Borrowing Strategy is based upon interest rate forecasts from a wide cross section of City institutions. The view when the Treasury Management Policy and Strategy was drafted was that the 0.10% Bank of England (BoE) Base Rate would remain until March 2024 due to the slow rate of recovery of the economy and the need for the Government to see the burden of the elevated debt to Gross Domestic Product (GDP) ratio falling significantly. PWLB borrowing rates were expected to rise, albeit gently, during 2021/2022 across all periods but could be subject to exceptional levels of volatility.

1.3 The Bank of England's (BoE) Monetary Policy Committee (MPC) meeting on 16th December voted to raise the Base Rate by 0.15% from 0.10% to 0.25% and unanimously decided to make no changes to its programme of quantitative easing purchases due to finish in December 2021 at a total of £895bn. The financial markets had expected the rise in November but the BoE decided to wait until statistics were available to show how the economy had fared since the end of the furlough scheme on 30th September 2021.

1.4 The Office for National Statistics (ONS) estimates GDP grew by a disappointing 0.1% in October since the previous month and is 0.5% below its pre-Covid level in February 2020. This indicates economic growth had slowed significantly even before the emergence of the Omicron variant in late November. Early indicators suggest the data for November could be marginally better, but at such low growth levels the impact of the Government's "Plan B" restrictions could cause the economy to contract in December 2021.

1.5 ONS data shows the annualised Consumer Price Index (CPI) inflation rate at 5.4% in December 2021, up from 4.20% in October, confirming how inflationary pressures have been building rapidly. This rise occurred despite the Covid-19 Omicron variant causing a sharp fall in world oil and other commodity prices – with gas and electricity inflation typically accounting for 60% of the increase in inflation in advanced western economies. The BoE now expects inflation to peak at between 5% and 6% by April 2022, significantly higher than its 2% target, but believes much of the inflationary pressures are transitory and that inflation will fall sharply in the second half of 2022. For this reason they continue their view that only a modest tightening of monetary policy is required, and therefore the scale and number of further interest rate rises may be less that the financial markets currently anticipate. Adding to the uncertainty is the likelihood of further Covid mutations, and whether Government policy in dealing with the pandemic changes, as well as concerns on how trade with the EU will evolve post-pandemic now that the UK no longer has tariff-free access to EU markets.

1.6 Despite the increase in the BoE Base Rate, investment rates of return are likely to continue at low levels throughout 2021/2022. With short-term investment rates forecast to be materially below long-term borrowing rates, it continues to be likely that some investment balances will temporarily be used to fund long-term borrowing requirements. Such funding is wholly dependent upon market conditions and will be reassessed if the appropriate conditions arise.

1.7 Link Asset Services, the Authority's treasury advisors, reviewed their interest rate forecasts in December 2021 in light of continued volatility in the financial markets and reaffirmed their previous projections. They forecast the BoE Base Rate will rise to 0.50% by June 2022 with further increases of 0.25% in March 2023, March 2024 and March 2025 by which time it will have reached 1.25%. These forecasts, and MPC decisions, will be liable to further amendment as updated economic data becomes available and emerging developments in the financial markets.

1.8 The following table shows the average PWLB rates for Quarters 1, 2 and 3.

2021/2022	**Qtr 1* (Apr - June) %**	**Qtr 2* (Jul – Sep) %**	**Qtr 3* (Oct – Dec) %**
7 days' notice	-0.08	-0.08	-0.06
1 year	0.81*	0.87*	1.11*
5 years	1.18*	1.15*	1.47*
10 years	1.68*	1.52*	1.75*
25 years	2.14*	1.90*	1.99*
50 years	1.94*	1.68*	1.68*

*rates take account of the 0.20% discount to PWLB rates available to eligible authorities (including the Council) that came into effect on 1st November 2012.

1.9 High levels of volatility in the financial markets have continued during 2021/2022 linked to ongoing Covid-19 infection rates, the emergence of new variants and how Government policy might change in dealing with the pandemic. This has depressed gilt yields as investors move from riskier assets such as shares and into bonds. Investor cash flow uncertainties and the need to maintain liquidity in these unprecedented times has depressed short-term rates available to very low levels.

1.10 There is expected to be a gradual upward movement in PWLB rates over the next three years as world economies, including the UK, recover from the economic shock caused by the coronavirus pandemic and its variants. Link Asset Services predict a gradual rise in PWLB rates reaching 1.70%, 1.90%, 2.20% and 2.00% for 5, 10, 25 and 50-year durations respectively by 31st March 2023 with further increases of between 0.30% and 0.40% across each duration by March 2025. With so many external influences weighing on the UK economy, interest rate forecasting remains very difficult. From time to time, gilt yields, and consequently PWLB rates, can be subject to exceptional levels of volatility which could occur at any time during the forecast period.

1.11 The strategy for 2021/2022 is to adopt a pragmatic and flexible approach in identifying the low points in the interest rate cycle at which to borrow, and to respond to any changing circumstances to seek to secure benefit for the Council. A benchmark financing rate of 2.60% for long-term borrowing was set for 2021/2022 in light of the views prevalent at the time the Treasury Management policy was set in March 2021.

1.12 There have been high levels of volatility in the financial markets during 2021/2022. 50-year PWLB interest rates started the financial year in April 2021 at 2.23%

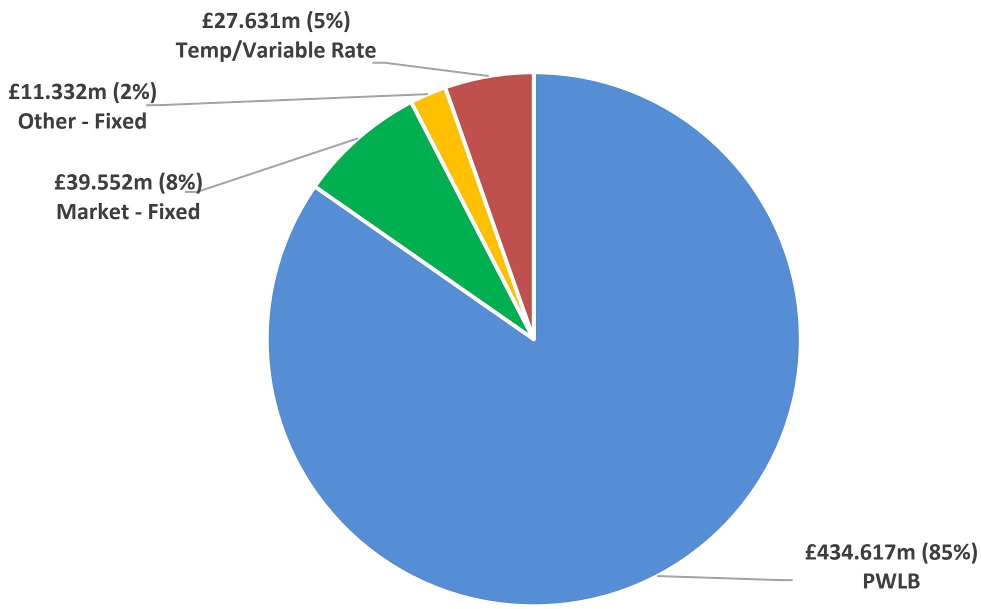
(excluding the 0.20% discount), dropping to 1.69% in August 2021 before reaching a peak of 2.37% on 11th October 2021. From then rates gradually fell to a low of 1.45% on 9th December 2021 before rising to end 2021 at 1.89%. In line with discussions with the Council's economic advisors, the Council took advantage of the low borrowing rate troughs that have occurred and has taken out £100 million of new borrowing during the financial year. These rates were considered opportune, and the Treasury Management team continues to closely monitor PWLB rates in line with future capital programme requirements. The new borrowing is summarised in the following table.

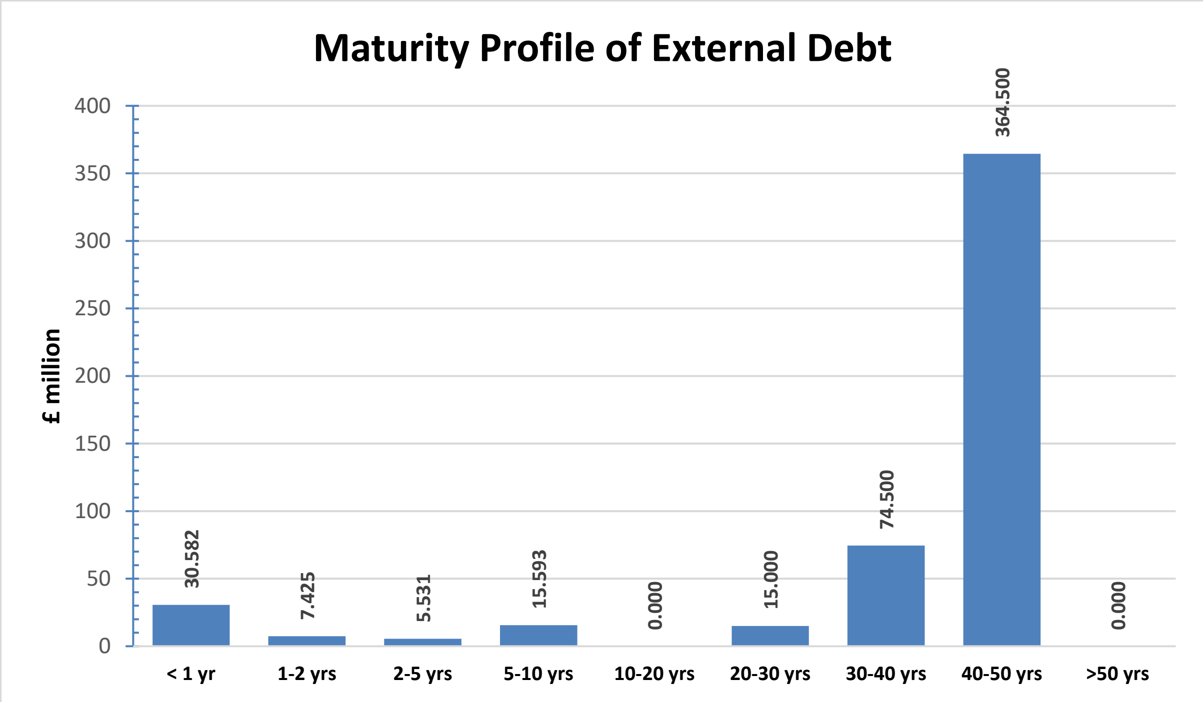
Duration	Date of the transaction	Start	Matures	Rate %	Loan Amount £m
50 years	30/11/2021	07/12/2021	07/12/2071	1.40*	100.0

*rate takes account of the 0.20% discount to PWLB rates available to the Council.

1.13 The Council's treasury portfolio position at 31st December 2021 is set out below:

Borrowing Summary at:	31 December 2021		
	Principal	**Interest**	**Ave rate %**
Fixed			
PWLB	434,616,667	11,274,421	2.59
Market – Fixed	39,551,658	1,742,323	4.41
Other – Fixed	11,331,656	55	0.00
	485,499,981	13,016,799	2.68
Variable			
Temporary/Other – Variable	27,631,207	2,751	0.01
	27,631,207	2,751	0.01
TOTAL:	**513,131,188**	**13,019,550**	**2.54**





2 Prudential Indicators – 2021/2022

2.1 All external borrowing and investments undertaken in 2021/2022 have been subject to the monitoring requirements of the Prudential Code. Under the Code, Authorities must set borrowing limits (Authorised Borrowing Limit for External Debt and Operational Boundary for External Debt) and must also report on the Council's performance for all of the other Treasury Management Prudential Indicators.

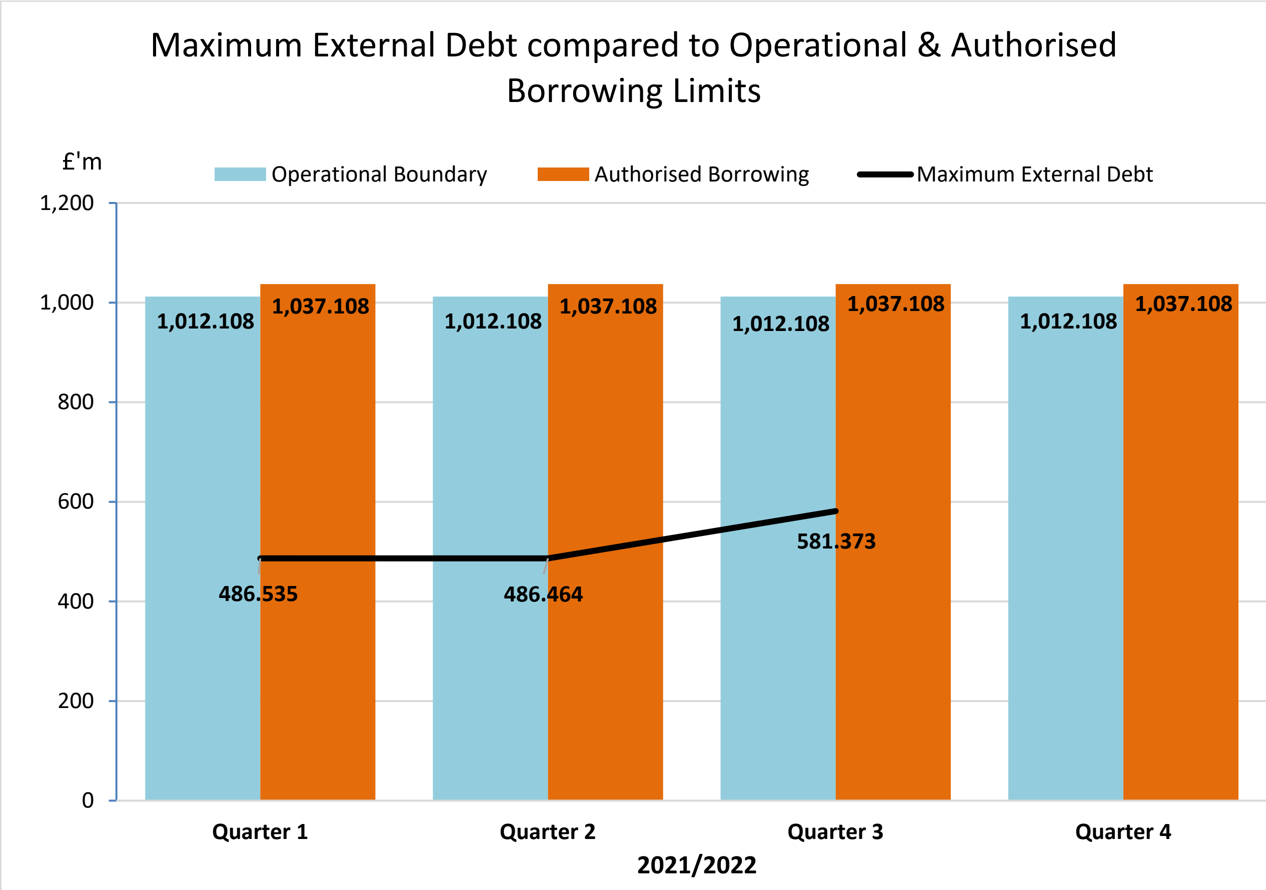
2.2 The statutory limit under section 3(1) of the Local Government Act 2003 (which is also known as the Authorised Borrowing Limit for External Debt) was set by the Council for 2021/2022 as follows:

	£m
Borrowing	911.927
Other Long-Term Liabilities	125.181
Total	**1,037.108**

The Operational Boundary for External Debt was set as shown below: -

	£m
Borrowing	886.927
Other Long-Term Liabilities	125.181
Total	**1,012.108**

The Council's maximum external debt in respect of 2021/2022 (to 31st December 2021) was £581.373m and is within the limits set by both these key indicators.



2.3 The table below shows that all other Treasury Management Prudential Indicators have been complied with:

Prudential Indicators		**2021/2022 (at 31/12/21)**	
		Limit	**Actual**
P9	**Maturity Pattern**	Upper Limit	
	Under 12 months	50%	8.89%
	12 months and within 24 months	60%	1.80%
	24 months and within 5 years	80%	1.34%
	5 years plus	100%	91.52%
	(A lower limit of 0% for all periods)		
P10	**Upper limit for total principal sums invested for over 365 days**	75,000	0

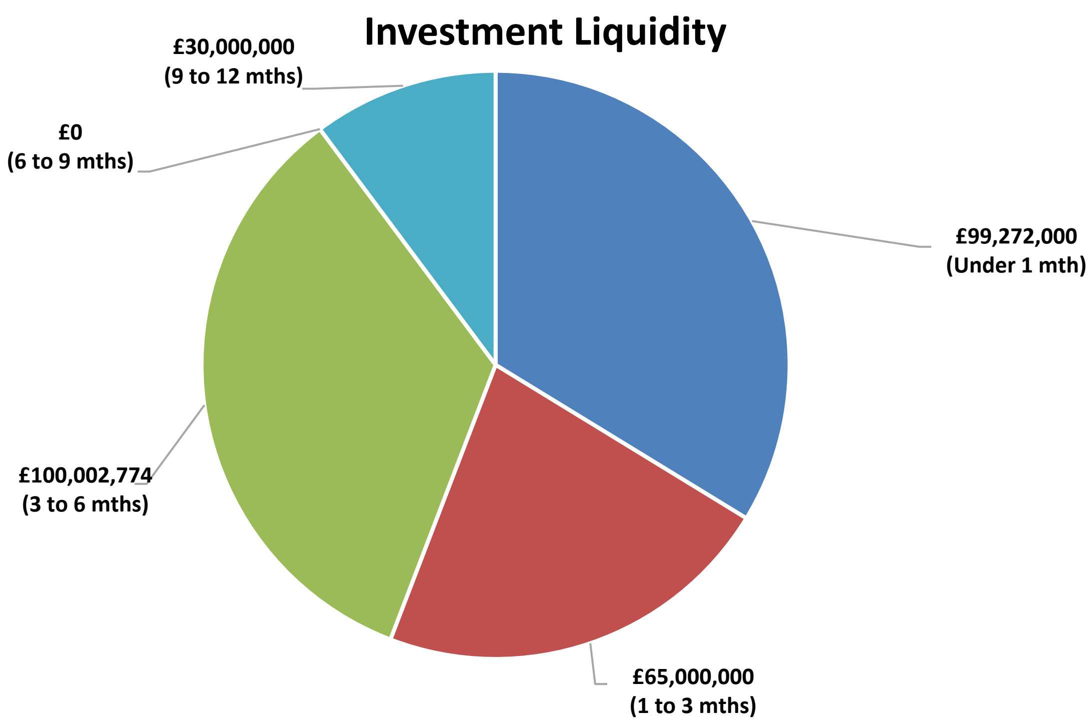
3 Investment Strategy – 2021/2022

3.1 The Investment Strategy for 2021/2022 was approved by Council on 3rd March 2021. The general policy objective for the Council is the prudent investment of its treasury balances. The Council's investment priorities in order of importance are:

(A) The **security** of capital;
(B) The **liquidity** of its investments and then;
(C) The Council aims to achieve the **optimum yield** on its investments, but this is commensurate with the proper levels of security and liquidity.

3.2 As at 31st December 2021, the funds managed by the Council's in-house team amounted to £294.275 million and all investments complied with the Annual Investment Strategy.

Investment Summary at: 31 December 2021					
Borrower	**Duration**	**Amount of Loan**	**Rate (%)**	**Start Date**	**Maturity Date**
Call Accounts:					
NatWest SIBA	Overnight	56,050,000	0.010		Call
Prime MMF	Overnight	14,892,000	0.030		Call
Aberdeen Liquidity Fund	Overnight	8,330,000	0.047		Call
Santander UK Plc	95d Notice	25,000,000	0.250		95 Day Notice
Lloyds Banking Group Ltd	95d Notice	5,002,774	0.050		95 Day Notice
Sub-total:		**109,274,774**			
Fixed Term Deposits:					
Goldman Sachs Int Bank	193 days	10,000,000	0.150	25-Jun-21	04-Jan-22
Santander UK Plc	183 days	10,000,000	0.200	29-Jul-21	28-Jan-22
Standard Chartered Bank	92 days	25,000,000	0.080	11-Nov-21	11-Feb-22
Standard Chartered Bank	94 days	10,000,000	0.100	26-Nov-21	28-Feb-22
Standard Chartered Bank	120 days	10,000,000	0.150	11-Nov-21	11-Mar-22
Santander UK Plc	119 days	20,000,000	0.150	26-Nov-21	25-Mar-22
Goldman Sachs Int Bank	182 days	10,000,000	0.140	30-Sep-21	31-Mar-22
Santander UK Plc	181 days	10,000,000	0.300	26-Nov-21	26-May-22
Standard Chartered Bank	182 days	20,000,000	0.280	10-Dec-21	10-Jun-22
Yorkshire Building Society	182 days	30,000,000	0.250	10-Dec-21	10-Jun-22
Goldman Sachs Int Bank	364 days	30,000,000	0.770	10-Dec-21	09-Dec-22
Sub-total:		**185,000,000**			
TOTAL:		**294,274,774**			



3.3 The table below shows the return received on these investments compared with the benchmark 7-Day LIBID (London Interbank Bid) rate, which the Council uses to assess its performance.

	2021/2022 Actual to 31/12/21 %	**2021/2022 Benchmark to 31/12/21 %**
Return on investments	0.16	-0.07*

*the 7-Day LIBID rate is set at 0.125% less than the corresponding 7-Day LIBOR rate, which due to the fall in gilts means the benchmark rate has become negative.

3.4 Investments placed in 2021/2022 have been made in accordance with the approved investment strategy and comply with the Counterparty Criteria in place, shown in Appendix B, which is used to identify organisations on the Approved Lending List.

3.5 Investment rates available in the market remain lower than those achieved in previous years. The BoE Monetary Policy Committee voted to raise the Base Rate by 0.15% to 0.25% at its meeting on 16th December 2021, the first rise in the Base Rate since 19th March 2020 when it fell to a historic low of 0.10%.

3.6 Due to the continuing volatility in the financial markets resulting from Covid-19 the Council has followed advice from our Treasury Management advisers and has operated a more risk adverse strategy by placing funds in shorter dated liquid investments than previously.

3.7 Advice also continues that the above guidance is not applicable to institutions considered to be very low risk, mainly where the government holds shares in these organisations (i.e. RBS) and therefore have the UK Government rating applied to them, or separately in respect of Money Market Funds which are AAA rated.

3.8 The regular updating of the Council's authorised Lending List is required to take into account financial institution mergers and changes in institutions' credit ratings. Any changes are reflected on the Approved Lending List shown in Appendix C.

Lending List Criteria **Appendix B**

<u>Counterparty Criteria</u>
The Council takes into account not only the individual institution's credit ratings issued by all three credit rating agencies (Fitch, Moody's and Standard & Poor's), but also all available market data and intelligence, the level of government support and advice from its Treasury Management advisers.

Set out below are the criteria to be used in determining the level of funds that can be invested with each institution. Where an institution is rated differently by the rating agencies, the lowest rating will determine the level of investment.

Fitch / S&P's Long Term Rating	Fitch Short Term Rating	S&P's Short Term Rating	Moody's Long Term Rating	Moody's Short Term Rating	<u>Maximum Deposit £m</u>	<u>Maximum Duration</u>
AAA	F1+	A1+	Aaa	P-1	120	2 Years
AA+	F1+	A1+	Aa1	P-1	100	2 Years
AA	F1+	A1+	Aa2	P-1	80	2 Years
AA-	F1+	A1+	Aa3	P-1	75	2 Years
A+	F1+ / F1	A-1	A1	P-1	70	365 days
A	F1	A-1	A2	P-1	65	365 days
A-	F1 / F2	A-1 / A-2	A3	P-1 / P-2	50	365 days
Local Authorities (limit for each local authority)					30	2 years
UK Government (including debt management office, gilts and treasury bills)					300	2 years
Money Market Funds (CNAV, LVNAV and VNAV) Maximum amount to be invested in Money Market Funds is £120m with a maximum of £50m in any one fund.					120	Liquid Deposits
Local Authority controlled companies					40	20 years

Where the UK Government holds a shareholding in an institution the UK Government's credit rating of AA- will be applied to that institution to determine the amount the Council can place with that institution for a maximum period of 2 years.

The Code of Practice for Treasury Management in the Public Services recommends that consideration should also be given to country, sector, and group limits in addition to the individual limits set out above. These new limits are as follows:

Country Limit
It is proposed that only non-UK countries with a minimum sovereign credit rating of AA+ by all three rating agencies will be considered for inclusion on the Approved Lending List.

It is also proposed to set a total limit of £50m which can be invested in other countries provided they meet the above criteria. A separate limit of £300m will be applied to the United Kingdom and is based on the fact that the government has done and is willing to take action to protect the UK banking system.

Country	**Limit £m**
UK	300
Non-UK	50

Sector Limit
The Code recommends a limit be set for each sector in which the Council can place investments. These limits are set out below:

Sector	**Limit £m**
Central Government	300
Local Government	300
UK Banks	300
Money Market Funds	120
UK Building Societies	100
Foreign Banks	50

Group Limit
Where institutions are part of a group of companies e.g. Lloyds Banking Group, Santander and RBS, the total limit of investments that can be placed with that group of companies will be determined by the highest credit rating of a counterparty within that group, unless the government rating has been applied. This will apply provided that:

- the UK continues to have a sovereign credit rating of AA-; and
- that market intelligence and professional advice is taken into account.

Proposed group limits are set out in Appendix C.

Approved Lending List **Appendix C**

	Fitch		Moody's		Standard & Poor's			
	L Term	S Term	L Term	S Term	L Term	S Term	Limit £m	Max Deposit Period
UK	AA-		Aa3		AA		300	
Lloyds Banking Group							Group Limit 70	
Lloyds Bank Plc (RFB)	A+	F1	A1	P-1	A+	A-1	70	365 days
Lloyds Bank Corporate Markets plc (NRFB)	A+	F1	A1	P-1	A	A-1	70	365 days
Bank of Scotland Plc (RFB)	A+	F1	A1	P-1	A+	A-1	70	365 days
Royal Bank of Scotland Group (See Note 1)							Group Limit 75	
The Royal Bank of Scotland Plc (RFB)	A+	F1	A1	P-1	A	A-1	75	2 years
National Westminster Bank Plc (RFB)	A+	F1	A1	P-1	A	A-1	75	2 years
NatWest Markets plc (NRFB)	A+	F1	A2	P-1	A-	A-2	75	2 years
Santander UK plc	A+	F1	A1	P-1	A	A-1	65	365 days
Barclays Bank plc (NRFB)	A+	F1	A1	P-1	A	A-1	65	365 days
Barclays Bank plc (RFB)	A+	F1	A1	P-1	A	A-1	65	365 days
Clydesdale Bank */**	A-	F2	Baa1	P-2	A-	A-2	0	
Co-Operative Bank Plc **	B+	B	**Ba3**	NP	-	-	0	
Goldman Sachs International Bank	A+	F1	A1	P-1	A+	A-1	70	365 days
HSBC Bank plc (NRFB)	AA-	F1+	A1	P-1	A+	A-1	70	365 days
HSBC UK Bank plc (RFB)	AA-	F1+	A1	P-1	A+	A-1	70	365 days
Nationwide BS	A	F1	A1	P-1	**A+**	A-1	65	365 days
Standard Chartered Bank	A+	F1	A1	P-1	**A+**	A-1	**70**	365 days
Close Brothers Ltd	A-	F2	Aa3	P-1	-	-	50	365 days
SMBC Bank International Ltd	A	F1	A1	P-1	A	A-1	65	365 days
Top Building Societies (by asset value)								
Nationwide BS (see above)								
Coventry BS	A-	F1	A2	P-1	-	-	50	365 days

	Fitch		Moody's		Standard & Poor's			
	L Term	S Term	L Term	S Term	L Term	S Term	Limit £m	Max Deposit Period
Leeds BS	A-	F1	A3	P-2	-	-	50	365 days
Nottingham BS **	-	-	Baa3	P-3	-	-	0	
Principality BS **	BBB+	F2	Baa2	P-2	-	-	0	
Skipton BS	A-	F1	A2	P-1	-	-	50	365 days
West Bromwich BS **	-	-	Ba3	NP	-	-	0	
Yorkshire BS	A-	F1	A3	P-2	-	-	50	365 days
Money Market Funds							120	Liquid
Prime Rate Stirling Liquidity	AAA				AAA		50	Liquid
Insight Liquidity Fund	AAA		-		AAA		50	Liquid
Aberdeen Liquidity Fund (Lux)	AAA		AAA		AAA		50	Liquid
Deutsche Managed Sterling Fund	AAA		Aaa		AAA		50	Liquid
Foreign Banks have a combined total limit of £50m								
Australia	AAA		Aaa		AAA		50	
Australia and New Zealand Banking Group Ltd	A+	F1	Aa3	P-1	AA-	A-1+	50	365 days
Commonwealth Bank of Australia	A+	F1	Aa3	P-1	AA-	A-1+	50	365 days
National Australia Bank	A+	F1	Aa3	P-1	AA-	A-1+	50	365 days
Westpac Banking Corporation	A+	F1	Aa3	P-1	AA-	A-1+	50	365 days
Canada	AA+		Aaa		AAA		50	
Bank of Nova Scotia	AA-	F1+	Aa2	P-1	A+	A-1	50	365 days
Royal Bank of Canada	**AA-**	F1+	Aa2	P-1	AA-	A-1+	50	2 years
Toronto Dominion Bank	AA-	F1+	Aa1	P-1	AA-	A-1+	50	2 years
Denmark	AAA		Aaa		AAA		50	
Danske A/S	A	F1	A2	P-1	**A+**	A-1	50	365 days
Finland	AA+		Aa1		AA+		50	
OP Corporate Bank plc	WD	WD	Aa3	P-1	AA-	A-1+	50	2 years
Germany	AAA		Aaa		AAA		50	
DZ Bank AG (Deutsche Zentral-Genossenschaftsbank)	AA-	F1+	**Aa2**	P-1	A+	A-1	50	365 days
Landwirtschaftliche Rentenbank	AAA	F1+	Aaa	P-1	AAA	A-1+	50	2 years
NRW Bank	AAA	F1+	Aa1	P-1	AA	A-1+	50	2 years
Netherlands	AAA		Aaa		AAA		50	

	Fitch		Moody's		Standard & Poor's			
	L Term	S Term	L Term	S Term	L Term	S Term	Limit £m	Max Deposit Period
Bank Nederlandse Gemeenten	AAA	F1+	Aaa	P-1	AAA	A-1+	50	2 years
Cooperatieve Rabobank U.A.	A+	F1	Aa2	P-1	A+	A-1	50	365 days
Nederlandse Waterschapsbank NV	-	-	Aaa	P-1	AAA	A-1+	50	2 years
Singapore	AAA		Aaa		AAA		50	
DBS Bank Ltd	AA-	F1+	Aa1	P-1	AA-	A-1+	50	2 years
Oversea Chinese Banking Corporation Ltd	AA-	F1+	Aa1	P-1	AA-	A-1+	50	2 years
United Overseas Bank Ltd	AA-	F1+	Aa1	P-1	AA-	A-1+	50	2 years
Sweden	AAA		Aaa		AAA		50	
Svenska Handelsbanken AB	AA	F1+	Aa2	P-1	AA-	A-1+	50	2 years
Switzerland	AAA		Aaa		AAA		50	
Credit Suisse AG	A	F1	A1	P-1	A+	A-1	50	365 days
UBS AG	AA-	F1+	Aa2	P-1	A+	A-1	50	365 days
USA	AAA		Aaa		AA+		50	
Bank of New York Mellon	AA	F1+	Aa1	P-1	AA-	A-1+	50	2 years
JP Morgan Chase Bank NA	AA	F1+	Aa1	P-1	A+	A-1	50	365 days
Wells Fargo Bank NA	AA-	F1+	Aa1	P-1	A+	A-1	50	365 days

Strategic Partners

Cabinet, at its October 2020 meeting, endorsed an unsecured investment with Education Partnership North East (EPNE), based on a detailed business plan, in order to ensure the medium-term financial stability of a key partner in the delivery of the City Plan. As at the 31st December 2021 there have been no funds drawdown by EPNE.

Notes

Note 1 **Nationalised / Part Nationalised**
The counterparties in this section will have the UK Government's AA- rating applied to them thus giving them a credit limit of £75m.

*/** The Clydesdale Bank (under the UK section) is owned by National Australia Bank

** These will be revisited and used only if they meet the minimum criteria (ratings of A- and above)

Any bank which is incorporated in the United Kingdom and controlled by the Prudential Regulation Authority (PRA) is classed as a UK bank for the purposes of the Approved Lending List.