

COVID-19 DECISION – CHIEF EXECUTIVE USING URGENCY POWERS

20 APRIL 2020

TEMPORARY SUSPENSION OF TREASURY MANAGEMENT COUNTERPARTY LIMITS

Portfolio holder: Councillor Alan Jarrett, Leader

Report from: Phil Watts, Chief Finance Officer

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1. Budget and Policy Framework

- 1.1 The Audit Committee is responsible for the scrutiny of the Council's Treasury Management, Investment Strategy and Minimum Revenue Provision Policy Statement. The Constitution also specifies the role of Cabinet in implementing and monitoring treasury management policies and practices. Final approval of the policy and the setting of prudential indicators is a matter for Council. Full Council approved the current strategy at its meeting on 20 February 2020.
- 1.2 For the reasons set out in sections 2 and 3 below, it is proposed that the Chief Executive uses the urgency provisions as set out in paragraph 4.1 of the Employee Delegation Scheme (including consultation with the Leader of the Council and the Leader of the Labour Group) to agree to temporarily lift the counterparty limits within the Treasury Strategy, with effect from 27 March 2020 for a period of three months, to enable the Council to place funds in the counterparty which; is the most economically advantageous, enables fast access to funds, and in which funds can be placed and removed in a manner that can be operated with council and institution staff working remotely and securely. The use of these urgency provisions will be reported to Full Council on 16 July 2020 for information.

2. Issue

- 2.1 The Treasury Management Strategy for 2020/21 was approved by Council on 20 February 2020, and sets out the counterparty limits which restrict the value of funds the Council can invest with any one institution. The current counterparty limits are set as follows;
 - Maximum amount to be placed with any one institution - £25m and for those with a duration of less than 12 months recommended by the Council's Treasury Management advisors of £20m, and

- Group limits where a number of institutions are under one ownership – maximum of £25m and for those with a duration of less than 12 months recommended by the Council’s Treasury Management advisors of £20m.

2.2 The government has provided significant additional funds to local authorities to support operations, businesses and individuals during the Covid19 pandemic. In addition to £5.6m of direct grant funding for the Council, we have received almost £40m to finance the Business Rate Grant Scheme, £5.7m in Section 31 funding to finance the Business Rate Reliefs, and £2m to finance further reductions in tax payable by those in receipt of CTRS.

2.3 The Council is working hard to pay Business Grants and apply rate relief and council tax support as quickly as possible, meaning this sum cannot be placed in long term investments. In addition the responsive nature of Covid19 related expenditure means the council needs ready access to funds to ensure a sufficient cash-flow is maintained.

2.4 It has not been, and is not currently possible to place and return funds from some of the Council’s counterparties with the speed required due to security requirements including wet signatures from the institutions.

2.5 Since 27 March 2020, the suitable counterparties available have all been full to their approved limits, and it has been necessary to breach the limit with one institution to retain ready access to funds.

3. Decision Required

3.1 To ensure ready access to funds, it is proposed that the counterparty limits within the Treasury Strategy be temporarily lifted with effect from 27 March 2020 for a period of three months to enable the Council to place funds in the counterparty which; is the most economically advantageous, enables fast access to funds, and in which funds can be placed and removed in a manner that can be operated with council and institution staff working remotely and securely.

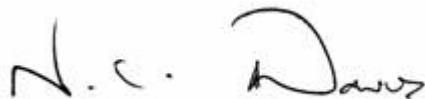
Decision type	Risk rating	Can decision be taken under officers’ delegated authority?	If not (or if decision is both executive/non-executive), an urgent decision is required
Executive functions	N/A	N/A	N/A
Non-executive functions	H	Y	Chief Executive

4. Finance, Legal and Risk Management Implications

- 4.1 If the Council is required to observe the counterparty limits set out in the Treasury Strategy, it will either be necessary to place funds with counterparties to which we will not have fast access (risking our ability to ensure a sufficient cash-flow, and/or to arrange new accounts with counterparties that can readily be accessed remotely (which may not be available to place funds immediately, risking a breach of the Treasury Strategy).
- 4.2 There are no direct legal or equalities impacts arising from this decision.

5. Final Decision

- 5.1 The Chief Executive is asked to agree, using urgency powers, to temporarily lift the counterparty limits within the Treasury Strategy, with effect from 27 March 2020 for a period of three months, to enable the Council to place funds in the counterparty which; is the most economically advantageous, enables fast access to funds, and in which funds can be placed and removed in a manner that can be operated with council and institution staff working remotely and securely.



. (signed) 21 April 2020 (date)

Neil Davies, Chief Executive