



ADUR & WORTHING COUNCILS

Joint Strategic Committee
9 June 2020
Agenda Item 5

Key Decision: No

Ward(s) Affected: N/A

Chief Executive's use of Urgency Powers during the Covid-19 Global Pandemic

Report by the Chief Executive

Executive Summary

1. Purpose

Due to the current pandemic situation it has been necessary for the Council's to be able to respond very quickly during the emergency and this has necessitated, on some occasions, needing to make decisions as a matter of urgency.

The Chief Executive has therefore been called upon to use his powers to make urgent decisions and this report advises Members of the Executive of the executive decisions made, and asks for their endorsement to those decisions.

2. Recommendations

The Joint Strategic Committee is recommended to note the content of the report and endorse the decisions made by the Chief Executive and refer the decision to increase the Treasury Management limits onto Council for noting and endorsement.

3.0 Context

- 3.1 In March 2020 a global pandemic was declared as a result of Covid-19. The Councils were faced with unprecedented times and were required to swiftly respond to the emergency for the health, safety and wellbeing of their communities and economies.
- 3.2 On some occasions, decisions had to be made very quickly and to delay action to fulfill the usual procedural requirements of executive decision making, would have caused significant prejudice.
- 3.3 The Council has approved a Scheme of Delegations to Officers and within it have included the authority to the Chief Executive to make decisions on behalf of the Executives and the Councils in an emergency situation such as this one.
- 3.4 The Chief Executive has made 3 Executive decisions in recent weeks relying on these urgency provisions. On each occasion he has consulted with the Leaders of the Councils. The Scheme of Delegations provides that the use of these powers should be reported to the Council, or the Executive, as appropriate, as soon as practicable.

4.0 Issues for consideration

4.1 Government Funding for Business Grants

- 4.1.1 The Treasury Management Strategy Statement is approved by the Councils before the start of each financial year. It sets out prudent investment limits with different counterparties in order to protect the financial security of the Councils by diversifying investment risk. Any breaches of the limits must be reported to the Councils.
- 4.1.2 The approved limits allow sufficient flexibility to manage fluctuations in the short term cash held by the Councils. For example Council Tax is received throughout the month, but the precept shares are forwarded on the 5th of the month - consequently the liquidity position can vary significantly but those funds cannot be invested over a long period. The Treasury Management service uses money market funds, call accounts and the Councils' banker, Lloyds, to hold the cash until it is needed.

4.1.3 On April 1st Adur District Council received £17.64m and Worthing Borough Council £26.13m from the Government to distribute in the form of Business Grants under the Coronavirus Act 2020. Additional Covid-19 grants have also been received to provide relief to the local community, support the additional costs that the Councils are incurring, and to compensate for the loss of income.

4.1.4 The Councils have been successful in distributing a large proportion of the business grants already paying 2,298 local businesses, a total of £28.34m (as at 21st May):

	No of business paid	Amount £m
Adur	847	£10.22m
Worthing	1,451	£18.12m

4.1.5 But it was not possible to accept the grant funding and also adhere to the counterparty investment limits whilst managing these short term funds. Consequently the Chief Executive used his urgency powers to approve changes to the investment limits for three months (April - June).

4.1.5 For Worthing Borough Council the investment limit was increased from £3m per counterparty to £6.5m per counterparty, with an overall total for money market funds of £26m. The limit for Lloyds Bank was increased to £7m

4.1.6 For Adur District Council the investment limit was increased from £3m to £5m per counterparty with an overall total for money market funds of £20m. The limit for Lloyds Bank was increased to £6m.

4.2 Discretionary Scheme for Business Grants

4.2.1 Following the roll out of the Government's Business Grant Scheme, it became clear that there were a number of local businesses who were unable to benefit from any of the existing forms of support. The Department for Business, Energy and Industrial Strategy (BEIS) have subsequently allocated funding to local Councils to distribute to local businesses in the form of discretionary grants based on 5% of the amount likely to be awarded (Adur £564,500, Worthing £973,500).

4.2.2 Following the provision of high level guidance by BEIS, the Councils have drafted a scheme for the administration of these additional grants in consultation with Local Authorities across West Sussex. BEIS expected that these grants would start being paid from 1st June 2020, especially in the light of the hardship being experienced by the local business community.

4.2.3 To meet this ambitious timescale, a new scheme has been devised and was approved by the Chief Executive in late May 2020. It was not possible in the circumstances to seek approval in a timely manner from the JSC.

4.3 Provision of Accommodation at Chatsworth Hotel

4.3.1 Towards the end of March 2020, the Government directed that Local Authorities arrange for all homeless people and rough sleepers to be off the streets as soon as possible and for Councils to provide accommodation for them to enable them to isolate as per government guidance. The Councils acted swiftly in securing accommodation at the Chatsworth Hotel for this purpose and were very quickly able to offer accommodation to homeless and rough sleepers. Initially anticipated that an arrangement would be made to offer accommodation to key workers and NHS workers where required, however demand from the increased flow of newly homeless resulted in this arrangement not being pursued and the provision is used solely for single homeless people.

4.3.2 It was necessary to enter into a contract for the provision of accommodation and services urgently, and there was insufficient time to comply with the Council's usual decision making procedures. The Chief Executive was therefore asked to make an urgent decision on behalf of the Councils.

4.3.3 A contract was entered into for the block booking of 97 hotel rooms and some limited services (night porter, handy person on sight and laundry service). The contract was initially for a period of 13 weeks, which can be extended by agreement or terminated by the Council on 4 weeks notice. The total value of the initial contract of 13 weeks was £211,848.

4.3.4 The Chief Executive made the following decision on 31st March 2020:

- To release £121,000 from reserves (60% from WBC budget and 40% from ADC budget) for the purposes of the Council commissioning accommodation and related services at the Chatsworth Hotel to provide assistance to those in need of emergency accommodation and others requiring assistance due to the COVID-19 pandemic.

- To approve the Councils entering into the Contract as set out above, and delegating authority to legal officers to sign such a contract on behalf of the Councils.

5.0 Engagement and Communication

In making executive decisions under urgency powers delegated to him by the Council, the Chief Executive consulted with the Leader of each Council, as well as the Council's Statutory Officers.

6.0 Financial Implications

6.1 The grants awarded to the business community are fully funded by the resources provided by BEIS.

6.2 Any amendment of the Treasury Management limits is normally approved by Council. Any breach of these indicators would need to be reported to Council in due course. To ensure that the Council remained within its approved investment limits, the Chief Executive exercised his emergency powers to increase the Counterparty limits for a short period of time. The treasury management team then carefully managed these additional sums to ensure they were spread across a wide range of counterparties, drawing down the funds evenly to ensure that the additional risks were managed appropriately.

6.2 Under the Council's contract orders, a budget must exist for the costs associated with a contract for the Council to be able to let that contract. To enable the letting of the contract for Chatsworth Hotel, funds were released by the Chief Executive.

7.0 Legal Implications

7.1 Paragraph 2.1.2 of the Officer Scheme of Delegations provides the Chief Executive with the authority to "take urgent action on behalf of the Councils".

Urgent means a "matter of pressing importance requiring swift action given the gravity of the situation, to prevent damage (or further damage) to life, limb, infrastructure or the financial integrity of the Councils".

In taking such urgent action the Chief Executive is obliged to consult with the relevant Leader.

Background Papers

- Adur District Council and Worthing Borough Council Scheme of Delegations to Officers
- Adur District Council and Worthing Borough Council Contract Standing Orders

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