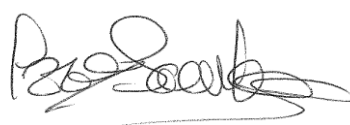


Decision to be made under the Council's Urgency Procedure by the Leader on 25 March 2020

Business Grants Cash Flow Support to Districts

Lead Member	Leader of the Council
Date of decision	25 March 2020
	Signed 

Decision

That the Leader of the Council:

1. Agrees to support the principle of offering the five Warwickshire District Councils, as Billing Authorities, short term interest free loans to support their cash flow, to allow for the early payment of business grants already announced and any future grant schemes that emerge as a result of COVID-19 support announced by Central Government.
2. Agrees to change the Treasury Management Strategy to allow up to £89m of Warwickshire County Council's cash resources to be available to be loaned to the Warwickshire Billing Authorities, that can take advantage of it.
3. Notes that any loans made would only be short term (weeks) until Billing Authorities have been fully refunded from Central Government. For this initial round of business grants Billing Authorities would repay the County Council in early April 2020.
4. Agrees to delegate authority to the Strategic Director for Resources to be able to make any decision around the amount and timing of any loans to each Billing Authority, within the £89m total envelope and to be able to enter into the formal loan agreements on terms and conditions acceptable to him.

Reasons for decisions

An urgent decision is required of the Leader to provide support for local councils in supporting businesses.

1.0 & 2.0 Background information

1.0 Key Issues

- 1.1 Intelligence from the Coventry & Warwickshire Growth Hub suggests businesses are now getting frustrated at not being able to access the business grants promises yet. Some are already making difficult decisions as a consequence. The following quote was received on the 24 March 2020 from Craig Humphrey the Growth Hub Managing Director:

'I cannot emphasise too strongly how immediate the need to get some liquidity into struggling businesses is right now. At the Growth Hub we are being inundated with requests from business for clarity on the details of schemes announced thus far by the government and the confusion is leading to frustration and pre-emptive decisions to make redundancies in order to ensure their business survival. If there is any action that the County can take to relieve some of the pressures being felt right now, it would be greatly appreciated. At this time of crisis, we need to give some confidence to the business community that across Coventry and Warwickshire we are doing all we can to assist them.'

- 1.2 The key delay is in the delivery of the Central Government funding to Billing Authorities (Districts) in order that they can pay the business grants. Currently the first instalment of the funding will be transferred today (25 March 2020), but the second tranche of funding won't be made until the 1 April 2020. There are also concerns whether this might be delayed and if Billing Authorities will have to provide a reconciliation to access the balance of funding needed, which could delay payment.
- 1.3 Where Billing Authorities are in a position to pay the grants earlier than the start of April 2020 they are potentially experiencing cash flow issues preventing them accelerating payment. The level of cash flow gap for each Billing Authority Depends on the initial funding on 25 March 2020 and the Billing Authorities current cash flow flexibility. Initial cash flow gaps for some authorities have ranged from £10-33m.
- 1.4 There are also issues for some Billing Authorities simply gearing up quickly enough with their internal processes to be able to proactively push the grants to all the relevant businesses. Some Billing Authorities are highlighting key information being missing, like bank account details to enable them to make the payments. We are trying to establish each Districts readiness to be able to take advantage of early payment of the grants.

- 1.5 There may be further Central Government schemes delivered through Billing Authorities to mitigate COVID-19 impact that could also benefit from a similar approach in the future.

2.0 Proposal

- 2.1 In order to support the acceleration of business grant payments by Billing Authorities it is proposed that the County Council would offer interest free loans for a short period of time (potentially up to 2 weeks) to the Billing Authorities, to underpin gaps in their cash flow. The expectation is that any loans made would be repaid within 2-3 days of the Billing Authority receiving the final Central Government funding for the business grants, which is anticipated in early April 2020.
- 2.2 Warwickshire County Council is in a fortunate position where it can redirect the cash that could be used for the potential early pension payment. It is proposed that up to £89m in total is ring fenced to support the five Billing Authorities with their cash flow over this short-term period up to early April 2020. Based on initial intelligence it's likely the amount ultimately required will be substantially less than £89m, but this ensures flexibility.
- 2.3 It is also recommended that the option to provide short term interest free cash flow loans to Warwickshire Billing Authorities is agreed beyond the initial business grant announcements. This would provide the Strategic Director for Resources flexibility to accelerate any future COVID-19 relief schemes Central Government announce if the timing of funding being received by the Billing Authorities is an issue.
- 2.4 In order to make the £89m available there needs to be agreement to varying the Treasury Management Strategy to allow the short-term use of this cash funding for this purpose and to accept the loss of interest this decision would entail, outlined in paragraph 3.1 below. This would ordinarily be a Council decision however, the Leader has powers to make a decision which would change the policy framework where it is not practicable in view of the urgency to hold a Council meeting. It is considered that the urgency of this situation justifies relying on these powers in the circumstances.
- 2.5 A decision is requested to delegate authority to the Strategic Director for Resources for:
- i.) The final decisions of the level and timing of loans that are made to any of the five Billing Authorities, within the overall limit of £89m; and
 - ii.) Entering into legal agreements for each loan with Billing Authorities.

3.0 Financial implications

- 3.1 As a result of offering the loans interest free the County Council there is a loss of Treasury Management investment income whilst the sums are on loan to the Districts. If the full £89m is loaned out this would equate to a loss of circa £35,000 in income over a two-week period. There is a volatility reserve of over £5m that enables us to compensate for any loss of budgeted Treasury Management income year on year that will mitigate this.

4.0 Environmental implications

- 4.1 There are no environmental considerations as part of this report.

5.0 Timescales Associated with the Decision and Next Steps

- 5.1 This decision is being treated as an urgent decision. Once approved, the decision will therefore have immediate effect. It is anticipated that decisions around the need for loans will be taken within the next few days in order to maximise the benefit to local businesses of receiving the grants at the earliest opportunity.

Report Author	Andy Felton
Assistant Director	Andy Felton
Lead Director	Rob Powell
Lead Member	Leader of the Council

Urgent matter?	Yes
Confidential or exempt?	No
Is the decision contrary to the budget and policy framework?	No

Lists of reports considered

Not applicable

List of background papers

None

Members and officers consulted and informed

Portfolio Holder – Councillor Izzi Seccombe

Corporate Board – N/A

Legal – Sarah Duxbury

Finance – Andy Felton

Equality – N/A

Democratic Services – Paul Williams

Councillors –

Councillor Adrian Warwick (For consent to urgency)

Councillor Izzi Seccombe

Opposition Leaders