

SPECIAL ANGUS COUNCIL

3 APRIL 2020

FINANCIAL SUPPORT, RESILIENCE & POLICY – COVID 19 RESPONSE

REPORT BY THE DIRECTOR OF FINANCE

ABSTRACT

This report advises Council of the financial support and resilience arrangements being put in place nationally to help local people, businesses and our key suppliers and seeks approval of a number of local support measures to complement those national arrangements.

1. RECOMMENDATIONS

1.1 It is recommended that the Council:

- (i) Notes the content of this report and its appendices as the background to proposed local support arrangements;
- (ii) Approves the Local Financial Resilience Support Arrangements for People set out in part B of Appendix 1 and delegates authority to the Director of Finance to implement such arrangements;
- (iii) Approves the Local Financial Resilience Support Arrangements for Businesses set out in part B of Appendix 2 and delegates authority to the Director of Finance to implement such arrangements;
- (iv) Notes the status of development of Local Financial Resilience Support Arrangements for Key Suppliers set out in Appendix 3;
- (v) Notes the position regarding the Hardship Fund as set out in Section 4 of the report and that a further report on use of the Fund will be provided as soon as practicable;
- (vi) Delegates authority to the Director of Finance to adjust the payment profile of the Council's management fee for 2020/21 to ensure that the ANGUSalive cashflow position is protected;
- (vii) Agree the approach to supporting and paying Tayside Contracts on an interim basis as set out in paragraph 4.8; and
- (viii) Notes the intention to keep the Support Arrangements in Appendices 1, 2 and 3 under regular review and to bring updates for consideration to members when appropriate.

2. ALIGNMENT TO THE COUNCIL PLAN

2.1 This Report contributes to the achievement of all of the priorities set out in our Council Plan for 2017 – 2022.

3. BACKGROUND

3.1 This report is intended to bring elected members up to date with the financial support and resilience arrangements which have been put in place by UK and Scottish Governments and to set out the proposed further support which the Council can provide. The information in this report is current at the point of writing but in the present environment things are changing rapidly and it may be necessary to advise members at the Council meeting of any material changes which have subsequently arisen.

3.2 Everyone is affected by the COVID-19 public health emergency and its consequences are both immediate and long term. It is important that the Council does what it can to support local people, businesses and our key suppliers through these difficult times to maintain our collective resilience and be in the best position we can be once the emergency is over.

3.3 This report advises members on:-

- Financial Resilience Support for People (Appendix 1)
- Financial Resilience Support for Businesses (Appendix 2)
- Financial Resilience Support for Key Suppliers (Appendix 3)

Each of the appendices summarises the main support available from UK and Scottish Government and the local support which it is proposed that the Council put in place to complement these. Some of those local support measures have been implemented under emergency powers (Report 122/20 refers) but others require Council approval. For clarity the Appendices also describe aspects of business as usual which will continue.

3.4 This report and its appendices are intended to provide clarity on the current position and local support measures which are proposed to be taken so that it can provide a reference point for queries about the Council's policy and approach. It will be necessary to keep our policies and support measures under review as circumstances change.

3.5 Much of the financial resilience support described in this report and appendices is being implemented by small teams, primarily in Revenues & Benefits, Welfare Rights and Procurement which have been subject to large reductions in staff over several years in response to the Council's own budget challenges. The workloads of those teams are very challenging presently and although options to boost capacity are being considered there will be a need for citizens, businesses and suppliers to be patient while we process all of the work. By way of example in the last 2 weeks there has been:-

- A 300% increase in crisis grant applications
- A 700% increase in enquiries to the Council's revenue enquiry mailbox
- A 3192% increase in use of our online benefits calculator
- More than 600 applications for business support grants in the first 6 days of the scheme opening

3.6 These are unprecedented times for everyone and members should be mindful of the staff capacity challenges which exist to implement all the measures described in this report.

4. DECISIONS & ACTIONS

4.1 The primary concern for people, businesses and the Council's suppliers from the current emergency is maintaining cashflow – having enough money to pay bills, staff, etc. The proposals in this report and appendices are intended to support those cashflow challenges recognising that this will impact onto the Council's cashflow. The Council's cashflow resilience is strong and that enables the support suggested to be provided. Such support will have implications for the Council's budget but this is considered to be manageable in the short term (next 3-6 months).

4.2 The Council is asked to review this report and the detail in Appendices 1 – 3 which sets out the national position, proposed local support measures and information on business as usual activity. The Council is being asked to approve the Local Financial Resilience Support Arrangements for People (Part B of Appendix 1) and for Businesses (Part B of Appendix 2). This provides an initial package of measures which will complement the national support arrangements put in place to date. Members are also being asked to note the latest position on developing a local support Scheme for key suppliers and set out in Appendix 3. The local support measures will be kept under regular review and updates provided to members for consideration when appropriate.

Hardship Fund & Other Funding

- 4.3 Appendix 1 notes that one of the Scottish Government measures has been to put in place a £50m Hardship Fund for Scottish Councils. The Angus Council share is £1.088m and the Fund can be used at the Council's discretion to suit local needs. Table 1 at paragraph 5.1 of this report summarises the potential financial implications for the Council arising from the COVID-19 emergency and the Hardship Fund will need to be used as a source of funding for the types of issues identified. At this stage it is impossible to say exactly how the Hardship Fund allocation will be used but it is highly likely that it will be required in full to address the types of issues identified in Table 1 and to underpin the local support measures set out in Appendices 1 and 2.
- 4.4 Report 123/20 asks Council to delegate authority to the Director of Finance, following consultation with the Chief Executive, to use the additional funding provided by the Scottish Government for COVID-19 where this is essential to support delivery of the Council's services and its response to the COVID-19 emergency subject to this only being applied where absolutely necessary and as a matter of urgency where prior member approval cannot be achieved quickly enough. A report on the more general proposed use of the Hardship Fund and any other funding allocated to the Council will be provided to members for consideration and approval at the earliest opportunity once further work on assessing the needs and quantifying the financial impacts has been completed.

Angus Alive

- 4.5 As sole owner of ANGUSalive the Council will need to consider providing financial support to the charity to recognise lost income from charges. More than 50% of ANGUSalive costs are covered by fees and charges and the current shutdown will have a material financial impact on the charity for that reason. Investigations regarding the eligibility of the charity for support from the Coronavirus Job Retention Scheme are being made which if available would lessen the impact on the charity considerably.
- 4.6 Although there are no immediate cashflow concerns members are asked to agree that until the financial impact on ANGUSalive has been clarified and proposed support from the Council can be brought back to members for consideration the Director of Finance is authorised to adjust the payment profile of the Council's management fee for 2020/21 to ensure the charity's cashflow position is protected.

Tayside Contracts

- 4.7 As a shared service provider on behalf of the 3 Councils in the Tayside area Tayside Contracts will also be significantly impacted by the cessation of many areas of service provision. Tayside Contracts is part of the 3 Councils and most of the payments made by the Councils are for services provided. If those services aren't provided Tayside Contracts would have minimal income but would still have most of its cost base (staff and fixed overheads) to pay. Our current understanding is that Tayside Contracts would be ineligible for the Coronavirus Job Retention Scheme but this is being investigated further based on guidance issued on 26 March 2020.
- 4.8 As an interim measure and to protect the Tayside Contracts cashflow it is proposed that Angus along with the other partner Councils use their existing budgets for catering, cleaning, road maintenance, etc. to make payment to Tayside Contracts to cover their fixed costs with any additional costs for specific services provided being paid for separately based on the marginal cost of doing so. Members are asked to agree this approach to supporting Tayside Contracts as an interim measure until their eligibility for the Job Retention Scheme is clarified.

5. FINANCIAL IMPLICATIONS

- 5.1 There will be significant financial implications for the Council arising from the COVID-19 emergency but it remains difficult to know where these will arise and to what ultimate value. Table 1 below identifies the main expected impacts along with comments. Members will be updated with more detail on the financial implications in future reports as more information emerges.

Table 1 – COVID-19 Potential Financial Implications

Potential Financial Implication	Comments
Additional service provision costs – e.g. for additional cleaning, additional hours of work, extra PPE costs, etc.	Scale of this still being assessed but expect to use Hardship Fund to cover additional costs.
Lost income – to the Council, Angus Alive	Use of the Hardship Fund to offset income lost by the Council and Angus Alive is likely to be required.
Supply specific inflationary pressures	Some suppliers to the Council including care providers may be impacted by additional costs due to having to vary the method of provision or because of additional costs e.g. for PPE or specialist transport.
Contractual claims	These will need to be considered on a case by case basis and will depend on the specific terms of each contract
Income Collection	Although the financial resilience support for people and businesses (Appendices 1 & 2) is considered to be the right approach to the current situation and will mainly involve deferring payments due to the Council it is reasonable to expect there to be a sizeable reduction in the Council's collection performance for Council Tax, Rents, Non-Domestic Rates and other debts as citizens and businesses try to recover from the current situation
Cashflow and interest income	The ultra-low interest rate environment, accelerated payment of suppliers and delayed receipt of monies due to the Council will all have a negative impact on the income the Council earns on its temporary cash balances.
Savings in some running costs – e.g. building running costs, travel costs	Not all of the financial implications from the current position will be negative and savings in some areas of spend are likely. Such savings will however be more than offset by the other impacts listed in this table

5.2 For the avoidance of doubt the financial implications arising from all of the support arrangements set out in this report are intended to be met from within the additional funding that is being made available from the UK and Scottish Government for COVID-19 response and if required by reallocating existing approved Council budgets to support this. There is risk that these existing funding sources will prove insufficient and this will be closely monitored.

5.3 A number of Councils have set up COVID-19 emergency funds and it may be necessary for Angus Council to consider this should circumstances change. In the event that the Council's uncommitted reserves or contingency funding needs to be accessed members will be asked to provide approval for such action by way of a future report to the Special Arrangements Committee (Report 121/20 earlier on agenda refers).

6. EQUALITIES IMPLICATIONS

6.1 The recommendations in this report will have no negative differential impact on persons with protected characteristics. The financial support measures outlined in this report are intended to support all citizens should they require that support.

NOTE: No background papers, as detailed by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to a material extent in preparing the above report.

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Appendix 1 – Financial Resilience Support for People

A) National Support & Funding

A wide range of financial resilience support for people direct from a combination of UK and Scottish Governments have been announced the key ones being:-

UK Level Support

- The Coronavirus Job Retention Scheme (80% of wages paid for furloughed workers)
- Support for self-employed workers through the Coronavirus (COVID-19) Self-employment Income Support Scheme
- Statutory Sick Pay now payable from day 1 instead of day 4
- Changes to Universal Credit, Local Housing Allowance and Working Tax Credits (more generous support)
- Income tax self-assessment payment deferrals
- Mortgage repayment holidays (and protection from eviction for tenants) for households in difficulty due to COVID-19

Scotland Level Support

- Hardship Fund (£50m) – Angus Council share (£1.088m) – can be used at Council discretion so is available to support local support measures (see below)
- Increase in Scottish Welfare Fund administered by Councils by £45m (+129%). First £23m of that increase has already been allocated (Angus Council share £383,000)
- Additional funding (£50m) for increased Council Tax Reduction (CTR) applications and increased eligibility for social security benefits in Scotland – details of Council allocation on CTR awaited
- £70m Food Fund – details awaited
- Support for Scottish third sector organisations so they can support local people (£50m wellbeing fund and £20m resilience fund)
- £40m supporting communities fund to address social isolation, distancing etc, to go to community groups

The above is a high level summary. More detail on the above is available on Government websites:

<https://www.gov.uk/coronavirus>

<https://www.gov.scot/collections/coronavirus-covid-19-guidance/>

B) Local Financial Resilience Support Arrangements - People

In the main the local support measures the Council can provide are:-

- a) Flexibility on paying sums due e.g. for Council Tax, Rent or other services provided
- b) Support to access and then payment of welfare benefits administered by the Council such as Scottish Welfare Fund Crisis Grants
- c) Support and advice to people in making welfare claims to other agencies e.g. Universal Credit

Members are asked to approve the Actions to Support People as described in points 1 to 11 below noting that points 1 and 2 have already been implemented by officers under emergency powers. All of these are based on responding to the specific circumstances of individual taxpayers and tenants – they will not be applied universally because we still need people who can afford to maintain their payments to do so and we want to help customers avoid large debts building up if at all possible.

Actions to Support People

To support people in need of our help we will:

1. Suspend recovery action on collection of Council Tax, Rents Arrears and Sales Ledger Invoices for approximately 3 months to 30 June 2020. This means no summary warrants or new wage or bank arrestments will be made and no enforcement action will be taken where payments haven't been made. This also means we will not issue any reminders or final notices for Council Tax, Rent or Sales Ledger Invoices during this period
2. Instruct our Sheriff Officers to respond sympathetically to requests to amend payment arrangements for those affected financially by COVID-19

3. Consider individually and sympathetically all cases where Council Tax payers or rent payers need help via payment deferrals or rescheduling of payments and we will relax the existing policy which asks for arrears to be made up in the current financial year so that people who need it have longer to pay. This could include:-
 - a) Rearranging Council Tax and/or Rent payments to better suit the customer's situation including deferring payments for a period until the emergency eases and their financial position improves
 - b) Amending Direct Debit payments to better suit customer circumstances
 - c) Changing payment dates or the period over which payments are made
4. Consider applications for the Council Tax Reduction Scheme for those citizens who are eligible and provide support for those customers unable to apply through our online system
5. Apply the national guidance on deferring evictions of tenants in arrears with their rent
6. Consider individually and sympathetically all cases where people ask for payment for services provided (sales ledger invoices) to be deferred
7. Where possible provide help (mainly through our online tools) and where necessary through phone contact to enable people to access other forms of support and benefits including advice
8. Promote the availability of help, advice and support through the Council and partners such as Voluntary Action Angus and Citizen Advice Scotland for people requiring support to access the benefits system
9. Arrange to provide payments for food to support families with children entitled to free school meals
10. Work with partners and other agencies to implement the humanitarian arrangements being developed across Scotland for those citizens subject to "shielding" and other vulnerable groups
11. Provide support with welfare payments or support in kind for those who are eligible under Social Work legislation

It is important to note that assistance to defer or reschedule council tax, rent payments or other bills from the Council is just that, a deferral of what is due. It is not a reduction in the amount which will ultimately require to be paid unless there is entitlement to benefits or other discounts.

C) Business as Usual

Members are asked to note that officers will continue with many other aspects of work on Council Tax, Rent and invoicing as business as usual because not to do so would leave customers unaware of what they are due and could result in the Council breaching its legal obligations, i.e. we will bill/invoice mainly as normal but apply flexibility where required when it comes to paying those bills/invoices

Business as usual activity will include:-

- Issuing new and revised Council Tax bills and Rent Notices where there has been a change in circumstances
- Processing Direct Debit payments for Council Tax and Rent unless changes have been made by the customer and continuing to take payments through other channels such as our website or ACCESSLine
- Issuing invoices for services provided such as care services
- Continuing with existing wage arrestments (unless circumstances have changed significantly for the debtor)

Appendix 2 – Financial Resilience Support for Businesses

A) National Support & Funding

A wide range of financial resilience support for businesses direct from a combination of UK and Scottish Governments have been announced the key ones being:-

UK Level Support

- the Coronavirus Job Retention Scheme (80% of wages paid for furloughed workers)
- Support for self-employed workers through the Coronavirus (COVID-19) Self-employment Income Support Scheme
- Statutory Sick Pay – payment for first 2 weeks of SSP for smaller employers (up to 250 staff)
- Tax payment deferrals / flexibility e.g. on VAT payments
- Access to the Coronavirus Business Interruption Loan Scheme (for SMEs)
- Access to COVID-19 Corporate Financing Facility for larger corporates
- Specific support for sectors such as airlines and airports

Scotland Level Support

- Hardship Fund (£50m) – Angus Council share (£1.088m) – can be used at Council discretion so is available to support local support measures (see below)
- A 1-year non-domestic rates (NDR) holiday (100% relief) for all retail, hospitality and leisure properties, from April 2020
- A 1.6% NDR relief for all properties across Scotland, from April 2020
- A £10k grant for the ratepayers of businesses qualifying for Small Business Bonus Scheme (SBBS), in receipt of rural relief or eligible for SBBS but in receipt of Nursery Relief, Disabled Relief, Fresh Start or Business Growth Accelerator Relief– administered by Councils
- A £25k grant is available to the ratepayers of businesses in the Retail, Hospitality, Leisure sectors operating in a premises with a rateable value of £18,001 or up to £51,000 – administered by Councils

The above is a high level summary. More detail on the above is available on Government websites:

<https://www.gov.uk/coronavirus>

<https://www.gov.scot/collections/coronavirus-covid-19-guidance/>

B) Local Financial Resilience Support Arrangements - Businesses

In the main the local support measures the Council can provide are:-

- a) Flexibility on paying sums due e.g. for Non-domestic rates, commercial rents, loan or other payments due to the Council
- b) Support to access and then payment of the Scottish Government's Business Grants (£10k/£25k)
- c) Help and advice to access the national support schemes such as the Coronavirus Job Retention Scheme noting that it is for each employer to apply themselves
- d) Additional discretionary rates relief (via a local scheme). No scheme currently in place in Angus.
- e) Support for Key Suppliers (see Appendix 3)

Members are asked to approve the Actions to Support Businesses as described in points 1 to 8 below noting that points 1 and 2 have already been implemented by officers under delegated powers.

Actions to Support Businesses

To support businesses in need of our help we will:

1. Process as quickly as we can all fully completed applications for Business Grants (£10k/£25k) noting that a 10 working days target has been set nationally
2. Pay, in the next available payment run, all our supplier invoices which have been authorised for payment and we will prioritise the authorisation process to minimise delays in getting payments to our suppliers. There is an onus on suppliers to provide accurate and timely paperwork to us to enable payment.

3. Delay the issuing of annual bills for Non-domestic rates. This is necessary because software changes to the NDR system to reflect the new reliefs and other changes referred to above cannot be implemented in time to issue bills in April as normal.
4. Suspend recovery action on collection of Non-domestic rates for approximately 3 months to 30 June 2020. This means no enforcement action will be taken where payments haven't been made and we will not issue any reminders or final notices for NDR payments during this period
5. Instruct our Sheriff Officers to respond sympathetically to requests to amend payment arrangements for those businesses affected financially by COVID-19
6. Consider individually and sympathetically all cases where NDR payers, commercial tenants or other organisations due loan or other repayments to the Council or Common Good Funds (e.g. golf clubs, Shared Apprentice Ltd) need help via payment deferrals or rescheduling of payments. We will also relax the existing policy which asks for arrears to be made up in the current financial year so that businesses who need it have longer to pay. This could include:-
 - a) Rearranging payments to better suit the customer's situation including deferring payments for a period until this emergency eases and their financial position improves
 - b) Amending Direct Debit payments to better suit customer circumstances
 - c) Changing payment dates or the period over which payments are made
7. Provide help and advice to enable businesses to access the national support schemes
8. Promote the availability of help, advice and support through the Council and partners such as Business Gateway for businesses requiring support and advice

It is important to note that assistance to defer or reschedule NDR, commercial rent or other bills from the Council is just that, a deferral of what is due. It is not a reduction in the amount which will ultimately require to be paid unless there is entitlement to reliefs or other discounts.

C) Business as Usual

Members are asked to note that officers will continue with many other aspects of work on NDR and invoicing as business as usual because not to do so would leave customers unaware of what they are due and could result in the Council breaching its legal obligations, i.e. we will bill/invoice mainly as normal but apply flexibility where required when it comes to paying those bills/invoices

Business as usual activity will include:-

- Issuing annual bills and new and revised NDR bills where there has been a change in circumstances – but only once software changes have been made (expected May/June 2020)
- Continuing with the normal billing of our commercial tenants
- Processing Direct Debit payments for NDR, Commercial Rents and other regular payments due unless changes have been made by the customer

Appendix 3 – Financial Resilience Support for Key Suppliers

A) Background

Most of the suppliers to the Council have been impacted by the COVID-19 response with some services provided for the Council, such as school transport, no longer being required in the short term. Many suppliers and partners rely on the Council for much of their business. This includes Tayside Contracts and Angus Alive. In many cases without ongoing support from the Council those suppliers could potentially cease trading and be unavailable to provide essential services once the current emergency situation is over.

B) National Guidance

A number of announcements and pieces of guidance have been issued by Scottish Government in the last 10 days or so outlining expectations in relation to specific sectors of our supply chain such as early years providers. Liaison between COSLA and Scottish Government has been ongoing over this period and is continuing. The position is complex due to the national support arrangements such as the Coronavirus Job Retention Scheme which will enable most suppliers to access those support arrangements. There is therefore a need to avoid a double subsidy from public funds in what we do locally.

On 26 March 2020 the Scottish Government published Scottish Procurement Policy Note (SPPN 5) on Supplier Relief due to COVID-19. The SPPN applies to government departments, local authorities and NHS bodies among others and officers therefore intend to use the framework set out in the SPPN as the basis for designing our local support arrangements.

SPPN 5 highlights the importance of prompt supplier payment which the Council has already responded to (see Appendix 2) and also highlights the following points:-

- It will be for a supplier to set out proposals to vary an existing contract and/or request interim / advance payment
- Both parties will be required to explore if other changes to the contract (for example, rescheduled delivery dates) would work better.
- The supplier will not be entitled to combine a claim under the contract with any other COVID-19 related relief, grant, intervention or other measure which results in the supplier receiving more than one benefit/relief for the same underlying cash-flow issue.
- On request, the supplier will have to evidence that any monies paid out have been used as intended.
- A condition of payment will be that the supplier must also promptly pay its staff and supply chain under the contract.
- Suppliers will not be able to claim where there is no contractual volume commitment to deliver nor will they be able to claim for profit on undelivered elements of the contract.
- Monies paid can be recovered by public bodies in specified circumstances

COSLA, with input from Directors of Finance, has also developed some high level principles in this regard including:-

- Local Government is committed to supporting local suppliers and partner providers at this time, with particular emphasis on supporting those businesses who are delivering public services necessary to tackle COVID-19
- Local circumstances and priorities will reflect where support is provided and therefore support will be assessed on a council by council basis
- There will be a local assessment of what support is required to keep providers solvent
- There is an expectation that providers will continue to employ and pay staff, and all available national reliefs and supports e.g. 80% wage subsidy, should be explored and used for this purpose

- Council support will not be provided where it is available elsewhere, for example through National Reliefs/ Wage Support. Councils may request evidence that supported areas are not otherwise subsidised by either public funds or business insurance
- There is an expectation that providers will use financial support from Councils to ensure that sub-contractors and suppliers are paid
- Payment will not be given for any variable costs which are not incurred by the provider

C) Local Arrangements – An Angus Coronavirus Key Supplier Support Scheme

Work to finalise and implement an Angus Coronavirus Key Supplier Support Scheme is ongoing but at the time of writing has not been finalised because new national guidance has continued to emerge and a number of queries remain to be answered.

On this basis Report 123/20 seeks delegated authority to the Director of Finance following consultation with the Director of Legal & Democratic Services to design and amend as necessary an Angus Coronavirus Key Supplier Support Scheme based on national guidance and local requirements. That local support scheme will be based around the national guidance referred to above (SPPN 5) and details of the Scheme and information on its implementation will be provided in a formal report to Council or the requisite Committee or Sub-Committee as soon as practicable.

Although the Angus Health & Social Care Partnership (AHSCP) is subject of separate governance arrangements their contracts with suppliers are arranged through the Council and officers from both organisations are seeking to harmonise actions as much as possible especially on supplier support arrangements to ensure consistency of approach.