

SPECIAL ARRANGEMENTS COMMITTEE - 23 JUNE 2020

FINANCIAL RESILIENCE SUPPORT & POLICY FOR PEOPLE, BUSINESSES AND KEY SUPPLIERS – PROPOSED REVISIONS

REPORT BY THE DIRECTOR OF FINANCE

ABSTRACT

This report seeks the Committee's approval of revisions to the Council's financial resilience support for local people and businesses which would apply from 1 July 2020. The proposed revisions are intended to strike an appropriate balance between continuing to support local people and businesses and taking appropriate steps to collect monies due to the Council which will reduce the risks to the Council's own financial sustainability. The report also seeks an extension of the Council's key supplier support arrangements subject to caveats outlined in the report.

1. RECOMMENDATIONS

1.1 It is recommended that the Committee:

- (i) Notes the content of this report and the need to update our support arrangements in light of changing circumstances;
- (ii) Approves the Revised Local Financial Resilience Support Arrangements for People set out in Appendix 1 and delegates authority to the Director of Finance to implement such arrangements;
- (iii) Approves the Revised Local Financial Resilience Support Arrangements for Businesses set out in Appendix 2 and delegates authority to the Director of Finance to implement such arrangements;
- (iv) Approves the extension of the Council's key supplier support arrangements on the basis and subject to the caveats set out in paragraph 5.4 to 5.6 and the risks outlined in paragraph 5.2 of this report;
- (v) Approve the use of up to £100,000 from the Council's General Fund contingency or uncommitted balance should that be required as outlined in paragraph 5.5; and
- (vi) Notes the intention to keep the Support Arrangements in Appendices 1 and 2 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 Member approval of Report 126/20 to the Special Angus Council meeting of 3 April 2020 resulted in a number of arrangements being implemented to support people, businesses and suppliers due to COVID-19. Those support arrangements have played an important part in response arrangements to the pandemic.

- 3.2 Report 174/20 on the financial impact of COVID-19 and the Council's Change Programme which is also on the agenda for this meeting highlights the very serious financial consequences which are arising for the Council and the Scottish Government's advice regarding the likelihood of further financial support being available for local government.
- 3.3 Although the financial impact of the pandemic on people, businesses and key suppliers is expected to continue to some degree for some time to come it is now appropriate for the Council to review and update its support arrangements. This report recommends a number of changes to the support arrangements for application from 1 July 2020. These recommendations largely involve the resumption of normal business by the Council but with tailored support provided where necessary.
- 3.4 This report advises members on:-
- Revised Financial Resilience Support for People (Appendix 1)
 - Revised Financial Resilience Support for Businesses (Appendix 2)

4. REVISED SUPPORT ACTIONS

- 4.1 The Committee is asked to review this report and the detail in Appendices 1 and 2 which sets out proposed revisions to the Council's local support measures for People and Businesses. In the main all of the support measures put in place at the beginning of the COVID-19 emergency are proposed to continue but the suspension of formal recovery action for debts owing to the Council cannot continue without significant financial damage to the Council and is accordingly proposed to cease with effect from 1 July 2020.
- 4.2 Although resumption of formal recovery action on debts owing to the Council may give some cause for concern this is a necessary step and needs to be viewed in the context of the other support which will complement this approach. That other support includes flexibility on payment periods, an approach which recognises individual customer circumstances and the provision of support and advice services to, for example, maximise welfare benefits. It will also be the case that some households and businesses will not have been impacted financially by COVID-19 so the Council's approach needs to reflect those differing circumstances. The revised support proposed in Appendices 1 and 2 when taken as a package provides a proportionate and comprehensive response in these unprecedented times.
- 4.3 The delivery of the proposals in Appendices 1 and 2 are subject to staff resources being available. This will be a challenge as staff take leave during the summer and will to an extent depend on whether further support measures from Scottish Government are passed to Councils to deliver. The entire Recovery team within the Revenues & Benefits Service has been redeployed since late March in processing Business Support Grants. While that workload has now eased substantially allowing staff to return to normal duties it would not be possible to maintain those normal duties if for example a new support scheme on a significant scale was introduced which required those staff to deliver it.

5. KEY SUPPLIER SUPPORT

- 5.1 Report 183/20 which is also on the agenda for this meeting provides an update on support provided to key suppliers and shows that to 31 May 2020 requests for support outwith transport providers and early learning and childcare providers have been limited, perhaps reflecting the availability of alternative national support arrangements. The Council's offer of financial resilience support for key suppliers (and that of the Angus Health & Social Care Partnership – AHSCP) was set out in Report 144/20 to this Committee in May 2020. At present those support arrangements are intended to exist until 30 June 2020 and be subject to review at that point. It seems likely that some suppliers may require support beyond 30 June but that raises concerns about the affordability of such support given the other pressures on the Council's finances.
- 5.2 Officers consider this to be an area where flexibility is required during July and possibly August and even into September if required given the national route map and phases set out by the Scottish Government. Some suppliers may need support beyond June and not providing that support could undermine the whole objective of the key supplier support arrangements which is to try to ensure continuity of supply once services resume. The dilemma for the Council is balancing that need and benefit with what can be afforded whilst being unable to predict

whether even with the support being provided, this will prove sufficient to sustain suppliers. Ultimately, this is a risk the Council to-date has taken and would continue to take by extending the provision of support beyond June. As outlined in Report 174/20 the Council's budget is expected to be negatively impacted by COVID-19 even after additional government funding is taken into account. It is unclear whether further funding from Scottish Government will be provided but the indications at the time of writing are that this is unlikely.

- 5.3 On 12 June 2020 Scottish Procurement Policy Note (SPPN) No 8 was issued by the Scottish Government. SPPN 8 is supplementary guidance to the original SPPN 5 guidance on supplier support and advises public bodies to prepare transition plans for supplier relief arrangements based on the national route-map for easing of COVID-19 restrictions. SPPN 8 has no fixed end date for the period it will apply but in effect it envisages supplier relief being reviewed and wound down through a transition plan as service provision restarts under the route-map. Officers will therefore adjust the existing Council/AHSCP supplier support guidance and arrangements to reflect the terms of SPPN 8.
- 5.4 Based on the points in the paragraphs above it is recommended that the Committee agree that the period of coverage of the Council/AHSCP key supplier support arrangements be extended on the basis and subject to the caveats set out below:-
- 1) That the terms of SPPN 5 and SPPN 8 are followed and our local support arrangements and guidance are adjusted accordingly;
 - 2) That in relation to AHSCP activities the COSLA/Health & Social Care Scotland "National Principles for Sustainability Payments to Social Care Providers During COVID-19" are extended beyond 30 June 2020. These Principles are based on agreement from Scottish Government that they will meet all reasonable additional provider costs as they are aligned to mobilisation plans. Any extension of the period of the AHSCP local support arrangements will mirror that of SPPN 5 and SPPN8 and the National Principles (including related Government funding commitments);
 - 3) Where suppliers are seeking further support beyond 30 June all existing support already agreed to 30 June will be reviewed and re-assessed at that point (a monthly review of whether to continue to provide support is already part of our process);
 - 4) Support by the Council/AHSCP will only be provided beyond 30 June where it is deemed essential and legal to do so on best value grounds based on transition plans to be drawn up in line with the national route-map;
 - 5) Any support offered beyond 30 June being affordable for the Council (see paragraph 5.5 below); and
 - 6) That officers will provide a final report on all of the key supplier support provided by the Council from start to finish.
- 5.5 In relation to point 5 above "affordable" from an Angus Council perspective means that the cost of providing any support can be met from a combination of:-
- a) existing budgets;
 - b) flexibility in using ring-fenced Scottish Government grant allocations;
 - c) any new Government funding which is announced to support this type of issue; and
 - d) if required the use of up to £100,000 of resources from the Council's General Fund contingency or uncommitted balance.
- 5.6 The conditions around affordability in paragraph 5.5 above would apply in all cases unless there were exceptional circumstances where protection of life and limb had to take priority and assessment of financial consequences had to come afterwards e.g. if support was required in a care service.

6. FINANCIAL IMPLICATIONS

- 6.1 The financial impact of COVID-19 on the Council's budget for the period to 30 June 2020 is reported to members under Report 174/20. Although it is still being quantified the budgetary impact of COVID-19 over the whole of financial year 2020/21 will be ever greater than in that report. The proposals in this report are intended to strike an appropriate balance between continuing to support local people and businesses and taking appropriate steps to collect monies due to the Council which will reduce the risks to the Council's own financial sustainability.
- 6.2 Continuing support for key suppliers beyond 30 June 2020 may have additional financial implications but these will be capped in line with the proposals in paragraph 5.5 of this report.

7. EQUALITIES IMPLICATIONS

- 7.1 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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List of Appendices

- Appendix 1 – Financial Resilience Support for People
Appendix 2 – Financial Resilience Support for Businesses

Appendix 1 – Financial Resilience Support for People

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 Revised Actions to Support People (applicable from 1 July 2020) as described in points 1 to 11 below. The aim is to respond, as far as possible with the staff resources available, to the specific circumstances of individual taxpayers and tenants - flexibility 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.

Revised Actions to Support People (applicable from 1 July 2020)

Actions Agreed in Report 126/20 3 April 2020	Revised Actions Applicable from 1 July 2020
<p>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</p>	<p>The suspension opposite will cease with effect from 1 July 2020 and debt recovery action will recommence. The issuing of Reminders and Final Notices will resume from that date. Court actions for payment and the use of enforcement mechanisms such as Charges for payment, Earnings and Bank Arrestment will recommence. <u>The processes outlined above will only be used where there is a failure to engage with the Council or Sheriff Officers to address debts due.</u> The other support arrangements listed below still apply so formal recovery action is effectively a last resort.</p>
<p>2. Instruct our Sheriff Officers to respond sympathetically to requests to amend payment arrangements for those affected financially by COVID-19</p>	<p>As opposite but customers will require to show/explain how they have been financially affected.</p>
<p>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:-</p> <ol style="list-style-type: none"> 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 	<p>As opposite – position will be assessed on a case by case basis depending on the customers circumstances. Where an arrangement is entered into the aim would be to collect sums due within the next 12 months (i.e. by 30 June 2021) wherever possible but this may not be possible in all cases. For the avoidance of doubt, where Decree or instalment Decree has been granted, payment would require to remain in accordance with the order of the Court.</p>
<p>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</p>	<p>No change – we will continue to try to maximise take up of Council Tax Reduction for eligible customers</p>

5. Apply the national guidance on deferring evictions of tenants in arrears with their rent	No change to Report 126/20
6. Consider individually and sympathetically all cases where people ask for payment for services provided (sales ledger invoices) to be deferred	As opposite – position will be assessed on a case by case basis depending on the customers circumstances
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	No change – we will continue to try to support customers with advice, support and online tools
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	No change to Report 126/20
9. Arrange to provide payments for food to support families with children entitled to free school meals	No change to Report 126/20 – plan to continue provision during the summer (subject of a separate report)
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	This will change under Test & Protect arrangements
11. Provide support with welfare payments or support in kind for those who are eligible under Social Work legislation	No change to Report 126/20

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.

Appendix 2 – Financial Resilience Support for Businesses

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 Support Grants
- 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

Members are asked to approve the Revised Actions to Support Businesses (applicable from 1 July 2020) as described in points 1 to 8 below. The aim is to respond to the specific circumstances of individual businesses - flexibility will not be applied universally because we still need those 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.

Revised Actions to Support Businesses (applicable from 1 July 2020)

Actions Agreed in Report 126/20 3 April 2020	Revised Actions Applicable from 1 July 2020
1. Process as quickly as we can all <u>fully</u> completed applications for Business Grants (£10k/£25k) noting that a 10 working days target has been set nationally	As opposite – some 2,148 applications have been processed. Expansions in eligibility have widened the scheme take up
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.	As opposite – prompt payment remains a priority and is included in our key supplier support arrangements
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.	NDR Bills will be issued in June 2020 subject to successful testing of new software and availability of staff who were redeployed to work on Business Support Grants.
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	The suspension of recovery action will cease from 1 July 2020. <u>This will mean enforcement action being taken but only where there is a failure to engage with the Council or Sheriff Officers to address debts due.</u> The other support arrangements listed in this Appendix still apply so formal recovery action is effectively a last resort.
5. Instruct our Sheriff Officers to respond sympathetically to requests to amend payment arrangements for those businesses affected financially by COVID-19	As opposite but customers will require to show/explain how they have been financially affected.
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	As opposite – position will be assessed on a case by case basis depending on the customers circumstances. Where an arrangement is entered into the aim would be

<p>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:-</p> <ul style="list-style-type: none"> 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 	<p>to collect sums due within the next 12 months (i.e. by 30 June 2021) wherever possible but this may not be possible in all cases. For the avoidance of doubt, where Decree or instalment Decree has been granted, payment would require to remain in accordance with the order of the Court.</p>
<p>7. Provide help and advice to enable businesses to access the national support schemes</p>	<p>As opposite – we will continue to provide help and advice</p>
<p>8. Promote the availability of help, advice and support through the Council and partners such as Business Gateway for businesses requiring support and advice</p>	<p>As opposite</p>

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.