

SPECIAL ARRANGEMENTS COMMITTEE - 23 JUNE 2020

KEY SUPPLIER SUPPORT – UPDATE

REPORT BY IAN LORIMER, DIRECTOR OF FINANCE

ABSTRACT

This report provides the Committee with a detailed update on the Council's support for key suppliers.

1. RECOMMENDATIONS

1.1 It is recommended that the Committee:

- (i) Notes the content of this report and its related appendices;
- (ii) Reviews and scrutinise the content of this report and provide any commentary considered appropriate at this time; and
- (iii) Notes that further updates will be provided to an appropriate Committee in due course.

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. Details of the Council's offer of financial resilience support for key suppliers was set out in Report 144/20 to this Committee in May 2020. The application form and guidance for suppliers to use is on the Council's website at this link - [Supplier Support Guidance](#).

3.2 This report provides the Committee with additional information on how support arrangements have been implemented and the level of take up so far. The potential to extend the scheme beyond 30 June 2020 is the subject of a separate report on the agenda for this meeting (Report 173/20 refers).

4. IMPLEMENTATION DETAILS

4.1 Applications for support can be made by any of the Council's key suppliers and applications can seek support in a variety of ways. The areas of service where support requests were expected to be the most significant were from:-

- a) School and public transport providers
- b) Early learning and childcare (ELC) providers
- c) Providers of adult social care services (to the Angus Health & Social Care Partnership)

Applications for support have also been received in other areas of the Council's supply chain but so far these are low in number and value.

4.2 Appendix 1 attached provides a short summary and statistics from the first monthly review of our supplier support arrangements. That monthly review considers whether any adjustments to the guidance and application process are required, whether support should continue into the following month and what level of support has been requested.

4.3 Appendix 1 shows that most applications for support at 31 May 2020 were from transport and ELC providers. Requests from adult social care providers have been limited but we believe this

is because national guidance in this area was awaited and only published towards the end of May. We anticipate requests from this group of suppliers to the Angus Health & Social Care Partnership will be made during June.

- 4.4 Appendix 2 to this report provides additional details on how support arrangements for school and public transport operators has been implemented. Appendix 3 provides equivalent information in relation to support for ELC providers. Support for both transport and ELC suppliers is being considered on a group basis because of the number of providers and the similarities in their circumstances but this group approach does not preclude a supplier making an individual application instead if they wish.
- 4.5 All support provided by the Council will be the subject of a contract variation or other Agreement to be agreed between the Council and the supplier. Work to complete that paperwork is ongoing. In some cases it has been necessary to expedite support payments for April ahead of the application and contract variation process having been fully concluded. This has been done by exception in cases of urgency to maintain cashflow and in part reflects that the Council's local support arrangements went live on 4 May 2020. Any support payments falling into this category were based on national guidance or the terms of the contract. If the supplier does not complete the paperwork, payments will be stopped and steps taken to recover payments already made.
- 4.6 Members will note from Appendices 2 and 3 that in transport and ELC (the two largest areas) the nature of the business models and the type of service being provided to the Council means that the Coronavirus Job Retention Scheme has not been a realistic option to any significant extent for providers and that is partly why local support has been necessary. Although the Council cannot insist contractually that suppliers pursue national support schemes as their first option we do expect suppliers to avail themselves of the national support if possible. As outlined in Report 144/20 suppliers must declare whether they have accessed other support in applying to the Council for help and the Council can undertake retrospective checks on an open book basis to confirm there has been no double subsidy from public funds.

5. IMPLEMENTATION OF NEW NATIONAL GUIDANCE

- 5.1 As highlighted in Agenda Item 6 (Report 173/20) new guidance on supplier support has just been released. Scottish Government Procurement Policy Note (SPPN) 8/2020 "Coronavirus (COVID-19): recovery and transition from COVID-19" published on 12 June 2020, advises that it is supplementary to SPPN 5/2020 – Supplier Relief, which sets out guidance for public bodies on options to ensure service continuity during the current coronavirus (COVID-19) outbreak
- 5.2 In terms of action SPPN 8 advises that public bodies should:
- Review their contract portfolio, to consider whether supplier relief measures already in place remain appropriate, sustainable and reflective of any transitional support that may be needed in preparation for restarting the contract.
 - Work in partnership with their suppliers in an open and transparent manner to develop transition plans to be implemented as soon as possible and in line with the opening up of markets and the Scottish Government's Route-map through and out of lockdown. Plans should set out steps to transition out of relief, move to a more sustainable operating model, and include agreeing contract variations, where appropriate and necessary.
 - Maintain accelerated payment practices to support cash flow as per SPPN 5/2020.
- 5.3 The Council has already taken the following action in implementing its key supplier support scheme:
- Considered its contracts portfolio when assessing key supplier support applications for appropriateness, sustainability and necessity
 - Developed and put in place contract variations to support temporary supplier support under its scheme as set out in this report

- Reviewed implementation of its scheme for effectiveness at the end of May with monthly reviews thereafter
- Put in place accelerated payment arrangements.

5.4 Further review work will be undertaken during June based on the new SPPN 8 guidance to:

- Develop plans with suppliers/providers to transition out of relief and move to a more sustainable operating model
- Review the contract portfolio where supplier support has been applied and ensure that it remains appropriate, sustainable and necessary.

5.5 Subject to members approving Report 173/20 the Council scheme will be extended beyond 30 June and be reviewed on a monthly basis to ensure that the transition out of support remains managed in line with that review work and with particular regard to avoiding adverse impact on the Angus economy.

6. FINANCIAL IMPLICATIONS

6.1 The table below shows the estimated cost of the key supplier support provided to 31 May 2020. All of these costs to date have been met from existing budgets and funding.

Service Area	Estimated Cost of Support to 31 May 2020 £000	Comments
School Transport	446	Met entirely from existing school transport budget. Modest saving expected in budget.
Public Transport	317	Met entirely from existing public transport budget. Modest saving expected in budget.
Early Learning & Childcare	360	Met from existing budget for ELC – funded by ring-fenced grant
Construction	0	No payments being made until June
Other for Angus Council	0	£25k of support provided to AHSCP suppliers
TOTAL	1,123	

6.2 A further report on the total support provided will be provided at the conclusion of support arrangements.

7. EQUALITIES IMPLICATIONS

7.1 The recommendations in this report will have no negative differential impact on persons with protected characteristics.

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

1 – Summary Update of First Monthly Review

2 – Support Arrangements – School & Public Transport

3 – Support Arrangements – Early Learning & Childcare

Appendix 1 – Summary Update of First Monthly Review

1. Adjustments to Reflect Changes in National Guidance

Since it went live on 4 May 2020, the issue of relevant policy and guidance (from Scottish Government and COSLA in particular) has been monitored on an ongoing basis.

The one piece of further guidance which has been issued since “go live” and which merits a change to the Supplier Support Guidance is the document “National principles for sustainability payments to social care providers during COVID 19”. This was issued jointly by COSLA and the Chief Finance Officers of Health & Social Care Scotland with the endorsement of Scottish Government on 21 May 2020. It is understood that Scotland Excel were consulted in the preparation of the “National principles” guidance.

The main changes this further guidance entails to the Supplier Support Guidance are:

- For care homes where the National Care Homes Contract (NCHC) is in place, payment for reduced occupancy below planned levels (“voids”) will be made on the basis of 80% of the NCHC rate excluding any provision for return for the provider or costs that can be reduced. The weekly payments are Residential Care - £508.63 per week and Nursing - £592 per week.
- These principles apply to voids caused by COVID 19 for places commissioned by the Local Authority or people funding their own care. No increased rate will be paid where a care home does not accept the NCHC rate or to account for care homes who charge higher self-funding fees.
- For other care home placements such as care homes for adults where the national arrangement is not in place a local agreement will be made using the same principles.
- Occupancy will be calculated locally by using data submitted by providers to commissioners of average occupancy of the three-month period prior to 23rd March 2020.

Once the new guidance above is added to the Council’s Supplier Support Guidance it will again be aligned to national guidance.

2. Adjustments to Our Step by Step Process

The Council’s Supplier Support Guidance is supported by a Step-by-Step Process suite of documents which officers use to administer the support arrangements. This offers a comprehensive process and set of template supported documents. It has been improved and refined on an ongoing basis since launch of the arrangements on 4 May in light of experience and provides an audit trail of applications made, issues raised and decisions made.

3. Group Applications

Some “group” applications (where a shortened process applies to applications seeking only standardised support for that contracts group) were approved on an exceptional basis in advance of formal agreement of the Supplier Support Guidance and Step-by-Step Process suite of documents. This was on the basis that retrospective achievement of the requirements of the Supplier Support Guidance and Step-by-Step Process suite of documents would be achieved as quickly as possible thereafter. At the time of writing this process is nearing completion but there remains work to do complete all the paperwork. Officers have advised all suppliers that no further payments under the support arrangements will be made until the paperwork, including contract variations, is in place.

4. Review of Scottish Procurement Policy Note No 5 (SPPN5)

Feedback has been provided to Scottish Government on its scheme of support and guidance Scottish Procurement has asked for data on local support arrangements and views on whether SPPN5 should be extended. This was provided, as requested by Scottish Government as at 29 May 2020 and will be taken into account by Scottish Government in determining whether their national policy and guidance (specifically “SPPN 5/2020) should be extended beyond 30 June 2020 which is the current end date. Council officers’ feedback to Scottish Government is that the option to continue the support policy should be extended for a further 3 months initially to 30/09/2020 but have highlighted that affordability remains a key concern for the Council and Angus Health & Social Care Partnership.

5. Applications Data

The Table below summarises the applications received to date and the service areas they relate to. Some 51% of applications so far are from ELC providers and a further 32% from transport providers. Officers expect the number of applications made to rise as completion of the group application paperwork referred to in section 3 above is achieved and providers of adult care services apply under the new national principles referred to in section 1.

Angus Coronavirus Key Supplier Support - Applications Management Information – as at 31/05/2020			
Number of applications			53
Adult care services	5	9%	
Children’s services	0	0%	
Early learning and childcare services	27	51%	
Criminal justice services	0	0%	
Education services	0	0%	
Public and school transport services	17	32%	
Construction and related services	0	0%	
Construction - Reduced Retention	3	6%	
Other	1	2%	
Number Approved to Date			34
% Approved to Date			64.2%

Work is also underway to improve the management information available so that more detail than in the above table can be provided if required.