

## ITEM No ...6.....

**REPORT TO:** POLICY AND RESOURCES COMMITTEE – 24TH AUGUST, 2020

**REPORT ON:** FINANCIAL IMPLICATIONS OF THE COUNCIL’S RESPONSE TO THE COVID-19 EMERGENCY

**REPORT BY:** EXECUTIVE DIRECTOR OF CORPORATE SERVICES

**REPORT NO:** 144-2020

### 1.0 PURPOSE OF REPORT

1.1 This report advises elected members of the various actions implemented by the Council and the Scottish and UK Governments in response to the on-going Covid-19 emergency. These actions seeks to ensure the continued provision of local services where possible, the support and protection of our most vulnerable citizens and the support of local businesses, key suppliers and the third sector during this challenging and unprecedented time.

### 2.0 RECOMMENDATIONS

It is recommended that the Council:

- 2.1 Notes the contents of this report, including the various actions implemented by the Council and the Scottish and UK Governments in response to the on-going Covid-19 emergency.
- 2.2 Approves the proposed approach to supporting Tayside Contracts on an interim basis as set out in paragraph 9.2
- 2.3 Notes that further reports will be prepared to advise elected members of the developing arrangements in response to the continuing Covid-19 emergency and seeking decisions, where necessary.

### 3.0 FINANCIAL IMPLICATIONS

- 3.1 The Council is incurring significant additional costs in delivering its response to the Covid-19 emergency and will continue to do for the foreseeable future (see Appendix 1). It is difficult to project a final value as this will largely be determined by the length of the on-going lock-down and the extent of the residual measures that are left in place when the lock-down is eventually lifted. It is currently assumed that these additional costs will be met in full from the additional funding that is being made available by the UK and Scottish Governments (and by reallocating existing Council budgets where appropriate). In this connection, a letter has been sent to the UK Treasury by the COSLA Resources Spokesperson seeking a funding assurance in order that Local Government can continue to respond to the issues that will emerge in relation to dealing with the crisis. There is a real risk, however, that government funding (and the reallocation of existing Council budgets) will not prove sufficient to fully cover the Council’s additional costs. In this event, it would be necessary to access the Council’s scarce uncommitted reserves and contingencies, or take alternative remedial actions
- 3.2 The financial position around the Council’s response to the Covid-19 emergency is being closely and regularly monitored. COSLA has issued a financial template to all Councils to collect their net additional cost of dealing with Covid-19. This will be updated on a regular basis as the situation develops and will inform COSLA discussions with the Scottish Government.

### 4.0 BACKGROUND

4.1 This report advises elected members of the various actions implemented by the Council and the Scottish and UK Governments in response to the on-going Covid-19 emergency, and sets out the associated financial implications. Elected members will appreciate that we are dealing with a dynamic situation and things can and will change rapidly. Therefore, further update reports will be prepared to advise elected members of the developing arrangements in response to the continuing Covid-19 emergency and seeking decisions, where necessary.

4.2 The Covid-19 emergency has impacted on all areas of society and on all aspects of normal daily life, particularly since the implementation of the national lock-down on 23 March 2020. These impacts have been severe and are likely to continue through-out the period of the current lock-down and beyond. All levels of government have taken action to support and protect our most vulnerable citizens, local businesses, key suppliers and the third sector during this challenging and unprecedented time. These actions seek to maintain resilience during this crisis and ensure that people and organisations will emerge in the best possible shape when the emergency is over. The various actions and supports are detailed in the appendices to this report, as follows:

- Appendix 2 – Financial Support for Individuals
- Appendix 3 – Financial Support for Businesses
- Appendix 4 – Financial Support for Key Suppliers

Each of the appendices summarises the main supports available from the UK and Scottish Governments and the local supports which the Council has put in place to complement these. For completeness, the appendices also describe aspects of business as usual which are continuing throughout the crisis.

4.3 The primary financial concern for individuals and businesses in the current emergency is maintaining cash-flow ie having enough money to hand to pay bills, staff etc. The actions detailed in this report and its appendices are intended to help address those cash-flow challenges, whilst recognising that this will impact negatively onto the Council's own cash-flows. The Council's own cash-flow resilience is considered to be strong and this enables the support to be provided.

4.4 The financial resilience support described in this report and its appendices is being implemented by teams within Customer Services & IT, primarily Customer Services, Benefit Delivery, Sales Ledger, Non Domestic Rates and Council Advice Services. The workload of these teams is currently very challenging and there will be a need for citizens, businesses and suppliers to be patient while we process all of the work. By way of an example in the last 2 weeks there has been:

- A 79% increase in Crisis Grant applications
- A 65% increase in Council Tax Reduction applications - we are aware that due to demand the Department for Work and Pensions are taking longer to process new Universal Credit Claims and therefore we expect to see a significant increase in CTR applications.
- More than 1,600 applications for Business Support Grants, with 265 grants totaling £3.175m already paid to date (230 @ £10,000 and 35 @ £25,000)

4.5 The Council is currently reviewing the UK Government Job Retention Scheme to determine whether there are any income generating services whereby consideration may be given to making an application to the scheme and furloughing employees. The UK Government expects that the scheme will not be used by many public sector organisations, as most public sector employees are continuing to provide essential public services or contribute to the response to the Coronavirus outbreak. The UK Government Scheme notes that where employers receive public funding for staff costs, and that funding is continuing, they expect employers to use that money to continue to pay staff in the usual fashion – and correspondingly not furlough them. Organisations who are receiving public funding specifically to provide services necessary to respond to COVID-19 are not expected to furlough staff. In a small number of cases, for example where organisations are not primarily funded by the government and whose staff cannot be redeployed to assist with the coronavirus response, the scheme may be appropriate for some staff. Council Officers will report back the finding of the review once completed.

## 5.0 **EARLY LEARNING & CHILDCARE**

5.1 The Scottish Government issued a letter to local authorities on 6 April 2020 to clarify their position in relation to payments to early learning and childcare providers. The default position for Local Government should be to continue to pay all private and third sector providers and childminders who deliver statutory provision, however, providers should maintain a transparent, open book approach over the coming months. This commitment for local authorities to continue to make payments for funded places for the duration of the closure is to ensure that local ELC capacity is retained and to support sustainability for the future delivery of ELC.

## 6.0 THE COUNCIL AS A COMMERCIAL LANDLORD

- 6.1 Discussions have taken place between COSLA and the Scottish Government in relation to Councils' role as commercial landlords. COSLA Group Leaders have confirmed that the COSLA position is that deferral of rent payments is preferable to a national abatement, although abatement can be considered if locally appropriate. Scottish Government has committed to joint discussions of other possible approaches to supporting businesses, ensuring that any support is appropriately resourced.
- 6.2 The Council is in dialogue with several key commercial tenants to identify how best they can be supported through the current crisis by offering flexibility around rental payment, to help ease cash flow problems. Any flexibility offered is likely to be in the form of rent deferrals, in line with COSLA's position.

## 7.0 HARDSHIP FUND

- 7.1 Part of the Scottish Government response has been to establish a £50m Hardship Fund, to be used Council's discretion to suit local needs. Dundee City Council's share of this is £1.389m. Appendix 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 Appendix 1 and to underpin the local support measures set out in Appendices 2 and 3.

## 8.0 LEISURE & CULTURE DUNDEE (LACD)

- 8.1 LACD have been significantly affected by the Covid-19 emergency, with all leisure and cultural facilities across the city now in lock-down. Income from fees, charges and sales normally accounts for around 40% of LACD's income base, with the Council's management fee payment making up the vast majority of the balance. Staff costs account for around 80% of LACD's cost base and these continue to be incurred during the lock-down, along with other fixed overheads. The current lock-down is therefore having a material and negative impact on LACD's cash-flows. Council officers are in regular discussion with LACD trustees and senior officers to identify ways in which the organisation's financial resilience can be strengthened, including the possibility of accessing the assistance available from the Scottish and UK governments. Additionally, the Council continues to pay the monthly management fee to LACD.

## 9.0 TAYSIDE CONTRACTS

- 9.1 Tayside Contracts is a joint arrangement that provides a variety of services to the 3 Councils in the Tayside area. The vast majority of Tayside Contract's income base comes from the 3 Councils, with other income sources being minimal. Tayside Contracts has been significantly impacted by the Covid-19 emergency, with many areas of service provision no longer operating. If those services are not being provided then Tayside Contracts would have minimal income, but would still retain most of its cost base in the form of staff and fixed overheads. It is not clear whether Tayside Contracts are eligible for the Coronavirus Job Retention Scheme, however this is being investigated further based on guidance issued on 4 April 2020.
- 9.2 As an interim measure, and to protect Tayside Contract's short-term cash-flows, it is proposed that the 3 partner Councils use their existing budgets for catering, cleaning, road maintenance etc to continue make payment to Tayside Contracts to cover their fixed costs. Any additional costs for specific services being provided would be paid for separately based on the marginal cost of service provision. 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.

## 10.0 THE THIRD SECTOR

- 10.1 Charities and voluntary groups play a vital role in delivering a range of key services across the city. Many of these services are delivered in partnership with the Council and the Council values greatly the contribution that the third sector makes to delivering its key priorities. The Covid-19 emergency has had a significant impact on the third sector with some organisations no longer able to provide services and

having to furlough staff in order to provide some financial protection and help secure their long-term viability. Many other third sector organisations are, however, able to continue to provide services and are vital partners in helping the Council support and protect our most vulnerable citizens. In turn, the Council is actively exploring ways in which it can support third sector organisations through the current crisis including assisting them in accessing the financial support packages that are available.

- 10.2 On 8 April 2020, the Chancellor of the Exchequer announced a £750m national package to help keep struggling charities afloat during the coronavirus pandemic. The move follows concern that some charities are facing collapse, with income shrinking because of enforced shop closures. It is understood that bigger charities such as Oxfam and Age UK have furloughed two-thirds of staff. The package involves cash grants direct to charities providing key services during the crisis. As part of the scheme, £360m will be directly allocated by government departments to those charities. Another £370m will go to small local charities, including those delivering food and essential medicines and providing financial advice.

#### 11.0 **POLICY IMPLICATIONS**

- 11.1 This report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty, Equality Impact Assessment and Risk Management. There are no major issues.

#### 12.0 **CONSULTATIONS**

- 12.1 The Council Management Team have been consulted on the content of this report.

#### 13.0 **BACKGROUND PAPERS**

- 13.1 None.

**GREGORY COLGAN**  
**EXECUTIVE DIRECTOR OF CORPORATE SERVICES**

**14 AUGUST 2020**

## POTENTIAL FINANCIAL IMPLICATIONS OF COVID-19 EMERGENCY

| Potential Financial Implication   | Comments   |
|---|--|
| Additional service provision costs eg for additional hours / overtime, additional cleaning, extra PPE etc.  | Scale of this still being assessed but expect to use Hardship Fund and existing Council budgets to cover additional costs.   |
| Lost income from fees and charges eg school meals, car parking, building warrants, trade waste, lets etc. This also impacts on Leisure & Culture Dundee and the Health & Social Care Partnership. | This is likely to be significant and the use of the Hardship Fund to offset income lost by the Council is likely to be required.   |
| Lost income from professional and trades services eg architects, surveyors, engineers, construction services etc.   | To a limited extent these losses will be offset by savings in the revenue budgets of the relevant Council clients and there will also be a reduction in capital expenditure.   |
| 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 eg for PPE or specialist transport. Also, market scarcity and increased demand may lead to price increases for some items eg food, PPE.  |
| 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 Levels  | The financial resilience support measures for individuals and businesses (as shown in Appendices 2 and 3) are considered to be the appropriate response in the current circumstances. These measures will, however, mainly involve deferring payments due to the Council. It is therefore reasonable to expect that there will be a sizeable reduction in the Council's collection performance for Council Tax, Rents, Non-Domestic Rates and other debts as individuals and businesses try to recover from the current situation.   |
| Cash-flow and Borrowing Costs   | The issues highlighted in this report will have a significant negative impact on the Council's cash-flows, for example due to accelerated payment of suppliers, delayed receipt of monies due to the Council etc. The associated additional borrowing costs will be partly offset by the historically low interest rates that currently prevail. Further, In response to concerns raised recently by COSLA in relation to Councils' cash-flows, the Scottish Government has agreed to "front load" General Revenue Grant payments during May, June and July 2020. This, combined with the 80% upfront payment made to Councils for the Business Support Grants scheme, is welcomed. The Scottish Government has committed to a review of the situation as the Covid-19 response develops and Councils start to deploy funding on the ground eg through Scottish Welfare Fund, Food Fund and Hardship Fund. |
| Savings in some running costs eg building running costs, travel costs, supplies etc.  | 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.   |

## FINANCIAL SUPPORT FOR INDIVIDUALS

### National Support & Funding

A wide range of financial support mechanisms have been made available by the UK and Scottish Governments, with the key ones being:

#### UK Government Support

- The Coronavirus Job Retention Scheme (80% of wages paid for furloughed workers, up to a monthly maximum of £2,500)
- 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 Government Support

The Scottish Government's response is channeled mainly through the £350m Communities Fund, which is being made available to councils, charities, businesses and community groups. The fund is designed to be flexible, cutting down on red tape to enable organisations to respond swiftly and according to local need for people impacted economically or through reduced contact with society, including anyone struggling to access food. The emergency funding package will be allocated to existing funding streams through several new funds:

| Fund  | Amount (£m) | DCC Allocation (£m)               | Purpose of Fund  |
|---|-------------|-----------------------------------|--|
| Hardship Fund                                     | 50          | 1.389                             | Passed directly to local authorities to support their own local resilience, support and hardship plans.  |
| Scottish Welfare Fund                             | 45          | 0.809<br>(£22m allocated to date) | Added to the existing Scottish Welfare Fund which makes Community Grants and Crisis Grants available to those in immediate need. This more than doubles the current £35.5m fund, which is administered by Councils. Councils will be given more flexibility in how it is used to ensure they can fully support people in financial crisis, including workers in the 'gig economy'.   |
| Social Security Benefits / Council Tax Reductions | 50          | tbc                               | To meet an anticipated increase in applications for the existing Council Tax Reduction Scheme and Scottish social security benefits.   |
| Food Fund   | 70          | 1.152<br>(£30m allocated to date) | To help organisations in the public, private and voluntary sectors address issues of food insecurity, especially for older people, and families who may not be able to rely on free school meals. £10m will be retained centrally and used to support national infrastructure e.g. Fare Share.   |
| Third Sector / Wellbeing                          | 50          | n/a                               | To help charities and others who require additional capacity to work with at-risk people who may be worst affected by the crisis, including homeless people and those experiencing fuel poverty.   |
| Supporting Communities                            | 40          | n/a                               | To support the rapidly growing and inspiring community efforts at a local level which will be vital to national resilience, including supporting people at risk because of age, isolation, carers, homeless people and asylum seekers and signposting people to sources of help such as applying for benefits. The key conduit will be national intermediaries e.g. CORRA, SCDS, HEI, SOSE and then working locally with Community Anchor Organisations. |
| Third Sector Resilience                           | 20          | n/a                               | To help ensure the health and continued viability of the third sector organisations affected by cash flow and other problems, which have a key role to play in our national response.  |
| Scottish Government Reserve                       | 25          | n/a                               | To be kept in reserve to allow swift and flexible responses to rapidly changing circumstances.   |
| <b>Total</b>                                      | <b>350</b>  | <b>3.350</b>                      |  |

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/>

## **Local Support Arrangements**

### Local financial Resilience Support Arrangements People

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

### Additional Actions to Support People

To support people in need of our help we will also:

1. Suspend recovery action on collection of Council Tax, Rent Arrears and Sales ledger invoices. 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. This will be kept under review during the Covid-19 situation.
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 relax the existing policy which asks for arrears to be made up in the current financial year so that people who need longer to pay have it. 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 the customers circumstances.
  - c) Changing payment dates or the period over which payments are made.
  - d) Consider awards from Local Authority Tenant Hardship Fund to support tenants in rent arrears.
4. Consider applications for Council Tax Reduction Scheme for those citizens who are eligible.
5. Apply the national guidance on deferring evictions of tenants in arrears with 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 through phone, email or online contact to enable people to access other forms of support and benefits including advice.
8. Promote the availability of help, advice and support through Council Advice Services and partners such as Brooksbank and Citizens Advice Scotland for people requiring support to access the benefits system.
9. Arrange to provide payments for food to support families and children entitled to free school meals.
10. Awards of Educational Maintenance Allowance will continue to be made until 26 June 2020 or an appropriate date.
11. Work with partners and other agencies to implement and support the humanitarian arrangements being developed across Scotland for those citizens subject to "shielding" and other vulnerable groups.

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.

## **Business as Usual Activities**

Officers are continuing 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 and continuing to take payments through other channels such as our website and automated payment line.
- Issuing invoices for services provided such as care services.
- Continuing with existing wage arrestment's (unless circumstances have changed significantly for the debtor).



## FINANCIAL SUPPORT FOR BUSINESSES

### National Support & Funding

A wide range of financial support mechanisms have been made available by the UK and Scottish Governments, with the key ones being:

#### UK Government 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 Government Support

- Hardship Fund (£50m) – Dundee City Council share (£1.389m) – can be used at Council discretion and is therefore 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. 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. This £1.2bn fund is being administered locally by Councils. Dundee City Council's indicative allocation from the fund is £30.4m.

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/>

### Local Support Arrangements

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

- Flexibility on paying sums due eg for Non-Domestic Rates, commercial rents, or other payments due to the Council.
- Support to access and then payment of the Scottish Government's Business Grants (£10k/£25K)

#### Additional Actions to Support Businesses

1. Process as quickly as possible all fully completed applications for Business Grants (£10K/£25K) noting that a 10 working day target has been set nationally.
2. 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.
3. Suspend recovery action on collection of non-domestic rates. 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. This action will be reviewed on an ongoing basis.
4. Consider individually and sympathetically all cases where NDR payers, commercial tenants or other organisations need help via payment deferrals or rescheduling of payments. We will also relax the need 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 the customers circumstances
  - c) Changing payment dates or the period over which payments are made.
5. 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 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 relief or other discounts.

### **Business as Usual Activities**

Officers are continuing with many other aspects of work on NDR and invoicing business as usual because to not do so would leave customers unaware of what they are due and could result in the council breaching it legal obligations ie 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:

- a) Issuing annual bills and new and revised NDR bills where there has been a change in circumstances.
- b) Continuing with the normal billing of commercial tenants.
- c) Processing Direct Debit payments for NDR, Commercial Rents and other regular payments due.

## FINANCIAL SUPPORT FOR KEY SUPPLIERS

### Background

Most of the suppliers to the Council have been impacted in some way by the Covid-19 response with some services provided for the Council no longer being required in the short term. Many suppliers and partners rely on the Council for much of their business. The risk is that 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.

### National Guidance

Announcements and guidance have been issued by Scottish Government in the last few weeks outlining expectations in relation to our supply chain. 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. Scottish Government resilience letters have been issued to all key suppliers.

SPPN 5 highlights the importance of prompt supplier payment which the Council has already responded to by setting all local suppliers to be paid immediately (prompt) and all non-local suppliers within 14 days, 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 subcontractors and suppliers are paid
- Payment will not be given for any variable costs which are not incurred by the provider

**Local Arrangements – A Dundee Coronavirus Key Supplier Support Scheme**

Work to finalise and implement a 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. All services have been asked to identify any areas where suppliers and voluntary organisations are unable to deliver at expected levels. A financial template has been assessed to identify if that is for financial reasons and what additional support can be given. The Executive Director of Corporate Services will design and amend as necessary a Coronavirus Key Supplier Support Scheme based on national guidance and local requirements. This 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 Committee in due course.

Although the Dundee Health & Social Care Partnership (DHSCP) 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.

In view of the timescales involved this report was approved by the Executive Director of Corporate Services in consultation with the Convener of the Policy and Resources Committee, Labour Group Spokesperson, Conservative Group Spokesperson, Liberal Democrat Group Spokesperson, the Independent Member and the Lord Provost.

*Gregory Colgan*

Executive Director of Corporate Services

Date 13th April, 2020

*John Alexander*

Convener of Policy and Resources Committee

Date 13th April, 2020

*Kevin Keenan*

Labour Group Spokesperson

Date 14th April, 2020

*Derek Scott*

Conservative Group Spokesperson

Date 13th April, 2020

*Fraser Macpherson*

Liberal Democrat Group Spokesperson

Date 13th April, 2020

*Gregor Murray*

Independent Member

Date 14th April, 2020

*Ian Borthwick*

Lord Provost

Date 13th April, 2020

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