**Financial Support to Suppliers in response to Covid-19 Service Disruption**

**Common Principles**

Overarching Objective:

To secure on-going service continuity beyond the current crisis from suppliers who will face financial hardship as a direct consequence of Government actions to mitigate the spread of Covid-19.

Guiding Principles:

Following the policy intent and approach set out in the Cabinet Office’s “Procurement Policy Note - Supplier relief due to COVID-19” [Action Note PPN 02/20, March 2020].

* *All contracting authorities should:*
	+ *Urgently review their contract portfolio and inform suppliers who they believe are at risk that they will continue to be paid as normal (even if service delivery is disrupted or temporarily suspended) until at least the end of June.*
	+ *Put in place the most appropriate payment measures to support supplier cash flow; this might include a range of approaches such as forward ordering, payment in advance/prepayment, interim payments and payment on order (not receipt).*
	+ *If the contract involves payment by results then payment should be on the basis of previous invoices, for example the average monthly payment over the previous three months.*
	+ *To qualify, suppliers should agree to act on an open book basis and make cost data available to the contracting authority during this period. They should continue to pay employees and flow down funding to their subcontractors.*
	+ *Ensure invoices submitted by suppliers are paid immediately on receipt (reconciliation can take place in slower time) in order to maintain cash flow in the supply chain and protect jobs.*

Guidance

The Director: Finance, BFC has raised with Crown Commercial Services and the LGA that this Action Note does not currently refer to the Government support being provided to businesses generally and therefore risks suppliers receiving more than one source of financial protection. This has been acknowledged and an updated version has been promised, “This includes preventing a supplier claiming separate relief from another source of Government financial support on COVID-19, to the effect that the supplier gains an undue advantage by claiming relief twice for the same hardship.”

Our Requirements:

The school will consider providing short-term financial support to suppliers affected by Covid-19 who:

* Agree to share information on an “open book” basis, demonstrating the additional costs or reduced income they are experiencing which directly relates to the Council’s contract;
* Demonstrate that they have secured all financial support available from Government packages to mitigate this impact;
* Confirm that they will continue to pay employees and subcontractors essential to on-going service delivery if they receive financial support

Measures Potentially Available:

Subject to suppliers fulfilling our requirements above, members of the School Senior Leadership Group and Business Managers / Bursars should understand individual supplier situations and discuss with them what measures will best respond to their needs and fulfil the school’s overall objective. These may include (but not be restricted to):

1. Payments in advance (no longer than one month), subject to retrospective adjustment for actual losses
2. Deferral of sums due (no more than three months)

Authorisation:

Where such financial support can be contained within existing budgets delegated by governors, no further financial authorisation is required.

Any proposals with additional, unbudgeted financial implications should be submitted for consideration by the Chair of Governors.

Documentation:

Before obtaining financial support, suppliers will need to enter into a written agreement containing the terms proposed. This will constitute a temporary contract variation and can normally be enacted by an exchange of letters. BFC has prepared a template for this purpose which will be used.

Managing the risk of fraud:

In line with other support being offered to businesses, suppliers should note that neither the Government nor the school will accept deliberate manipulation and fraud. Any supplier caught falsifying their records to gain additional financial support will face prosecution and any funding issued will be subject to claw back.