

BRIEFING	TO:	Gold Group
	DATE:	6 th April 2020
	LEAD OFFICER <i>(Full name, title and Directorate)</i>	Paul Woodcock Strategic Director, Regeneration and Environment Tom Smith Assistant Director Community Safety and Streetscene
	TITLE:	Home to School Contracts and Covid 19

Background

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| 1. | Background

The provision of Home to School Transport has reduced significantly since the further restrictions on schools, and non-essential travel, came into place on 23 rd March 2020. |
| 1.2 | Net budgeted 2020-21 cost for Home to School Transport is £4m. The service operates 278 routes for 989 children. Financial implications are presented at Appendix 1. The figures as presented cover pre-coronavirus business as usual activity but demonstrates the potential liability when applying Government Policy on supplier relief |
| 1.4 | In addition to Transportation arranged by the Corporate Transport Unit, CYPS also fund taxis and minibuses for Looked After Children and Post 19 HST transport which in total has an estimated outturn of £650k. As these are all taxi companies it is proposed these would fall under the same provision in relation to supplier relief. The contractors are the same class as those procured by R&E and so would fall under these provisions. |

Key Issues

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| 2.1 | A significant number of journeys are delivered via contractors, in particular taxi companies. Before the coronavirus emergency started 30+ taxi and minibus suppliers were operating for the Council, at Week 3 of the lockdown there are 17 still operating at a cost of £5,440 per day. |
| 2.2 | The business mix of taxi operators and taxi drivers comprise single operator, multi fleet operators and sole traders. Central government has, as part of the support packages for the economy, confirmed access to a number of support arrangements for all businesses. The practical assistance takes a number of forms including direct payments to support wage bills for employers, subsidies and tax relief. |
| 2.3 | Headline assistance comprises:- <ul style="list-style-type: none"> • A support package to businesses (grants and business rates relief) |

<p>2.4</p> <p>2.5</p> <p>2.6</p> <p>2.7</p> <p>2.8</p> <p>2.9</p>	<ul style="list-style-type: none"> • A support package for the employed and self employed (80% salary up to £2,500, deferral of tax payments) known as the Coronavirus Job Retention Scheme • Other entitlements (Employment Support Allowance and Universal Credit) <p>The provisions will represent direct financial assistance to businesses and the self employed offsetting the losses from the changes or ending of Council contracts. Not all assistance is available from the date the National Emergency started and not all assistance will end up with all businesses e.g. those with incomplete business records or start ups.</p> <p>Under the guidance the decision on whether to maintain contractor payments to taxi companies rests on the level of risk to the council and especially that not making the payment will threaten business continuity during and after the Emergency. Currently, a priority for the council is to transport passengers to education and care settings. This could be extended to requiring contractors to move passengers and goods between other sites for example, vulnerability hubs. Market failure over the period would further present the risk that insufficient business will be present to begin running services once the emergency is over.</p> <p>On this basis it is proposed that an ongoing commitment to contractors should be as follows;</p> <ul style="list-style-type: none"> - Maintain supplier engagement and payments as normal for passenger journeys needed during the national emergency, at a current estimate of £211k per month and a probable cost equating to £635k until the end of June 2020. This is fully budgeted for. - Recognise the risk of market failure and so retain contractors for the period up to the end of June by means of a retention payment of up to 70% of normal planned contract value; the specific level of support to be paid to contractors would take into account: <ul style="list-style-type: none"> a) access to government and council business support packages b) contractors will be incurring less cost as there will be less fuel, maintenance, wear and tear and other transportation costs such as road tax and MOT's (suspended for 6 months) c) alternative Council transportation requirements <p>Supplier payment will therefore be based on agreements with contractors which must assume open book arrangements in which contractors will reasonably be expected to provide details on the type of business, the level of replacement activity to be agreed and whether business support reliefs have been applied. Practical claims and payments arrangements will follow in line with the decision being made.</p> <p>For the period in question a contract variation may be required. However, it is also proposed that the contractor payments would revert back to the original proposals, i.e. payment of actual costs, when the pandemic ceases and services are back to steady state.</p> <p>Further information on the financial implications is included in Appendix 1.</p>
<p>Options, Key Actions and Relevant Timelines</p>	
<p>3.</p>	<p>Given the above, the options are</p>

	<ul style="list-style-type: none"> • Option 1 – recognising reducing costs incurred by contractors but also preventing local market failure, offer payments of up to 70% of the normal planned contract value for the duration of the disruption or contract end date. • Option 2 - Provide an interim retention of up to 70% for a period up to 30th June 2020. • Option 3 maintain core of suppliers based only on the routes required during the current emergency conditions. <p>Option 2 is recommended.</p> <p>Support would be on the basis that staffing levels in providers remain stable and providers do not make redundancies as this will reduce the support available and that providers are willing to carry out work other than that which they are contracted to do, during the current incident.</p>
Recommendations	
4.	<p>It is recommended that the Option 2 is approved:</p> <p>Provide an interim retention up to 70% for a period from April 6th 2020 to 30th June 2020.</p>

Financial Implications

Appendix 1

- 1.0 The Council currently pays contractors based on actual journeys carried out. Payments would be based on up to 70% of normal planned contracted activity. The normal full cost is estimated at £75,600 per week which would equate to £907k for the period to the end of June. If the Council were to pay up to 70%

the cost of this would be £52,920 per week (£635k for three months), delivering a weekly saving of £22,680 or £272k for Options 1 and 2.

- 2.0 The cost of the current activity based reflecting a reduced total number of journeys for transporting approximately 40 passengers (e.g. key workers children) is £5,440 per day compared to the typical £18,200 per day and is a daily saving of £12,760 for Option 3
- 3.0 CYPs spend on average £16.6k per week on planned journey's which equates to £167k for period based on the school term time only as per current contracts. The cost up to 70% would be £117k or £11,700 per week. The saving on current spend would be £5k per week or £50k for the full period to the end of June.
- 4.0 Transport Contractors will be asked to maintain records of alternative activity in order for a reconciliation process once the Covid-19 virus threat has eased. As contractors may also be eligible for government grants: £10k for those eligible for Small Business Rates Relief. Providers will be asked to submit a claim where this is the case with the additional payment being taken into account as part of the reconciliation.
- 5.0 An open book reconciliation exercise will be carried out with each provider with excess funding being recouped where possible.