

GUIDANCE TO SCHOOLS ON PAYMENT OF SUPPLIERS DURING COVID-19

This guidance outlines the approach schools should take to payment of suppliers, during COVID-19. A decision making flow chart is detailed below to help schools decide on the most appropriate action.

North Yorkshire Education Service (NYES) will provide clarity in relation to services delivered to schools.

There is a need to support suppliers so they are able to cope with the current crises and to resume normal service delivery and fulfil their contractual obligations when the outbreak is over.

Central Government have issued a Procurement Policy Note - Supplier relief due to COVID-19 ([PPN 02/20](#) *click this link for full details*) which provides guidance on how we should work with suppliers during this time, the advice below is based on this. It is anticipated that Central Government will issue further guidance prior to the end of June 2020 to inform what action needs to be taken post this date.

SHOULD THE SCHOOL CONTINUE TO PAY SUPPLIERS?

If a supplier is unable to continue fully delivering their contract due to the COVID-19 outbreak then you should continue to pay them as normal until 30 June 2020, even if they are not able to fulfil all their contractual requirements. However please note if a supplier has furloughed staff or is in receipt of other COVID-19 support scheme funding from the Government then this should be taken into account in terms of what payment should be made. This will be based on circumstances related to each individual contract.

If the supplier is able to continue delivering their contract as normal, then the school should pay them as normal.

PAYMENT TO MAINTAIN BUSINESS CONTINUITY

Schools should confirm with their “at risk” suppliers that they will continue to pay until at least the end of June 2020, to ensure business and service continuity. However please note if a supplier has furloughed staff or is in receipt of other COVID-19 support scheme funding from the Government then this should be taken into account in terms of what payment should be made. This will be based on circumstances related to each individual contract.

It is the decision of schools to define their “at risk suppliers” according to need. Central Government anticipate that the majority of suppliers will be deemed “at risk”. The key point is to ensure service continuity and protect infrastructure, supply chains and jobs.

Schools should maintain a register of all contracts and this should be reviewed immediately to identify any suppliers who the school deem to be ‘at risk’.

SHOULD I PROVIDE ENHANCED PAYMENT TERMS AND CONDITIONS TO SUPPLIERS?

If the schools believe a supplier is “at risk” it may be appropriate to alter payment terms e.g. move to payment in advance or immediate payment. It may also be appropriate to provide relief against their contractual terms e.g. Key Performance Indicators. However suppliers who are not impacted by COVID-19 do not need to benefit from advantageous terms.

HOW TO AGREE SHORT TERM CHANGES TO CONTRACTS WITH SUPPLIERS

Where a school makes any changes to how suppliers are paid this should be agreed in accordance with the change control clauses contained in the contracts and documented and agreed by both parties.

FAQs

Schools need to consider each supplier on a case by case basis as circumstances will be different and as such the action required will differ. The below aims to give some examples of how the advice may apply to different scenarios.

Q. My school is closed and my cleaning contractor has furloughed the staff who work in my school. Should I continue to pay the full cleaning contract fee each month?

A. If the supplier has furloughed staff who are responsible for the delivery of the contract and the supplier is in receipt of the Coronavirus Job Retention Scheme (CJRS) or other COVID-19 support scheme funding from the Government then the school should not pay for the service where this is not being delivered.

Q. The company which provides the sports coach for my school has furloughed staff but is still asking for advance payment for the coaching sessions scheduled for the summer term. Should I pay them?

A. If the advanced payment due date is before 30 June 2020 but staff have been furloughed and the supplier is in receipt of the Coronavirus Job Retention Scheme (CJRS) or other COVID-19 support scheme funding from the Government then the school should not pay for the service. The PPN 02/20 only covers payment to suppliers due up until 30 June 2020. It is anticipated that further guidance will be issued to cover post this date.

Q. The company which provide the ICT support for my school are continuing to provide normal service levels, however my school is closed so the service is not required. Should I continue to pay the service contract charge?

A. Assuming the supplier has not furloughed staff then the school should continue to pay as normal up until 30 June 2020. If however the supplier is in receipt of any COVID-19 support scheme funding from the Government then the school needs to ensure there is no double funding. The school should reconcile invoices to prevent double funding, this should not delay payment to the supplier in the meantime.

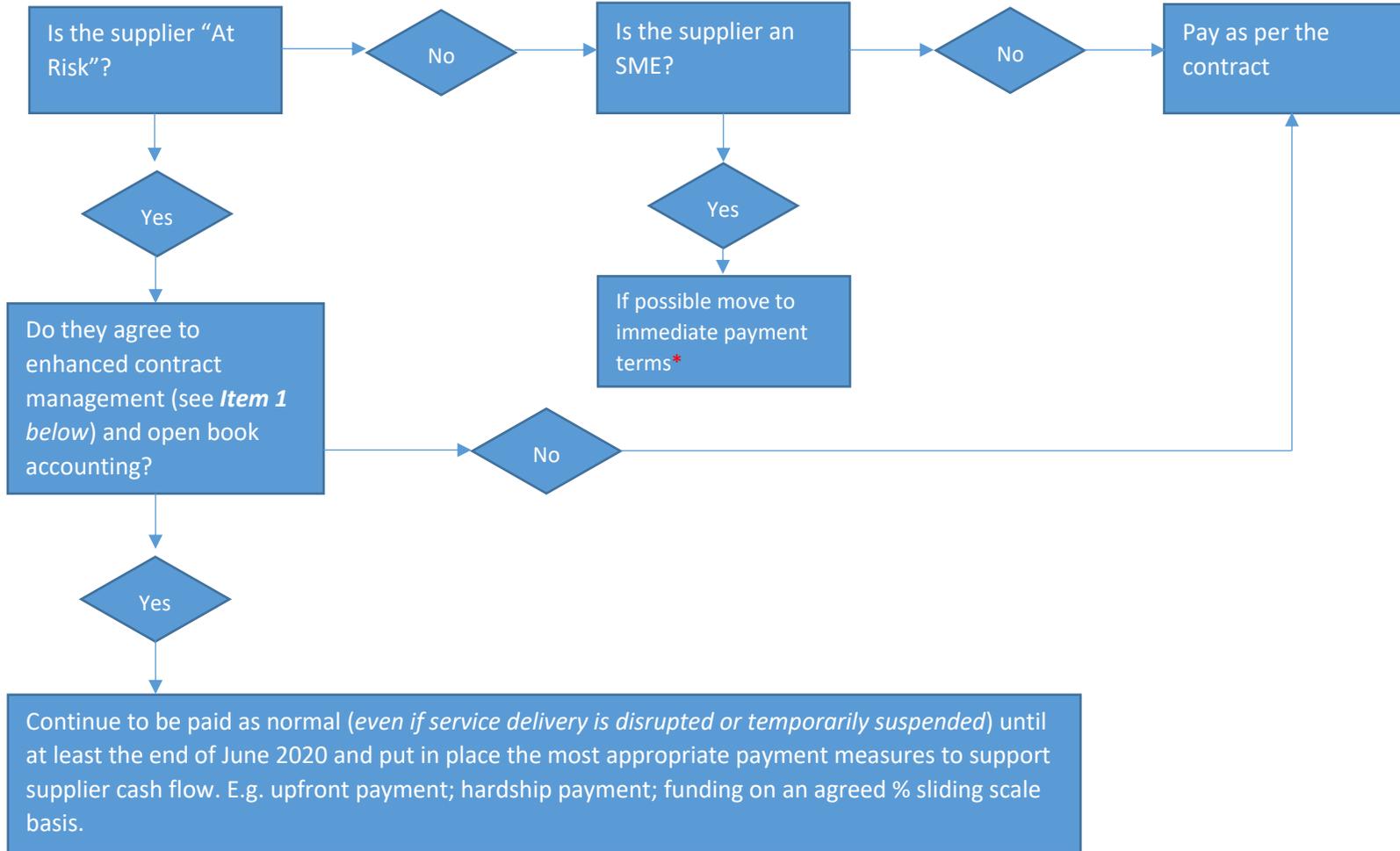
Q. Should I pay the invoice for exam fees even though the exams are not now taking place?

A. The PPN only covers payment for goods/services up until 30 June 2020. If staff who deliver the service are not furloughed and no other COVID-19 financial support is being received, and the service was due to be delivered on or before 30 June 2020 then the fees should be paid. If the service is not due to be delivered until post 30 June 2020 then no payment should be made until further guidance has been received from central Government on supply chain relief post this date.

Q. Should I continue to pay the quarterly rental for the school MFD

A. The school should continue to pay the suppliers, unless the supplier is in receipt of any COVID-19 support scheme funding from the Government. The school needs to ensure there is no double funding. If the school is still using the MFD and/or has access to the MFD then the supplier should invoice for elements of the service which they are continuing to supply (i.e. business as usual) only.

DECISION MAKING FLOW CHART



***Where schools are unable to move SMEs to immediate payment terms – continue to pay as per the contract**

Item 1: Enhanced contract management requirements

If the school deems a supplier to be “at risk” and would benefit from supplier relief e.g. improved contract terms i.e. related to enhanced payment terms, the supplier must adhere to the following:

- Suppliers must commit to ensuring that any required cost data is made available to the school where requested or agree to provide it at a later date for audit and reconciliation.
- Where relief is offered suppliers must agree to continue to pay their own employees and subcontractors to ensure business continuity.
- Suppliers should retain records during the relief period in order to support future reconciliation.
- Suppliers should strictly adhere to the agreed invoicing protocols in order that the school can pay the supplier quickly.
- Suppliers should identify in their invoices which elements relate to normal business as usual matters, and which elements are related to the impact of Covid-19 where relief has been agreed.
- If it is found that any supplier is found to be taking undue fair advantage, or failing in their duty to act transparently and with integrity, then the school has a right to take action to recover payments made.

*If the supplier does not agree to any of the above requirement supplier relief cannot be transacted.

If you require further help and support please contact the FMS Helpline:

fmshelpline@northyorks.gov.uk