

## SUPPLIER MANAGEMENT

Southampton City Council  
Civic Centre  
Southampton  
SO14 7LY



Trial data name of supplier  
Trail data address  
Address  
Address  
Address  
County  
Postcode

Ref: PP/KR XXX  
06 April 2020

Dear Supplier

### **COVID-19 pandemic and payments to supplier**

I am writing to thank you, as one of our valued supply chain partners, for your tremendous support in helping Southampton City Council to maintain critical services and supplies during the COVID-19 pandemic.

We fully appreciate that the global COVID-19 pandemic is unprecedented and is impacting significantly on businesses and we want to assure you that the Council is taking steps to help support its suppliers. This letter sets out the approach we are taking in respect of paying and working with our suppliers during this challenging time.

In accordance with the **Procurement Policy Note - Supplier relief due to COVID-19 ("PPN 02/20")**, which was published by the Cabinet Office on 20<sup>th</sup> March 2020, the Council will continue to pay its suppliers who are potentially at serious risk of insolvency or significant financial difficulties as a result of COVID-19, until at least 30<sup>th</sup> June 2020 (known as "the Emergency Period"). PPN 02/20 is included as Appendix A to this letter and I would ask that you consider the content of this letter alongside it. As an immediate step, the Council has implemented measures which will ensure that all validated invoices will be paid immediately (once approved within our financial system) rather than on our standard 30-day payment terms, until the end of the Emergency Period.

The aims of these measures are to assist our suppliers to maintain cash flow and retain their staff and/or onward supply chains through the Emergency Period and to help put them in a position to resume normal contract delivery once the Emergency Period is over. Accordingly, the Council is seeking to apply the principles of PPN 02/20 and make future contractual payments to suppliers in accordance with those principles.

The Council needs all of our suppliers to help ensure that business continuity is maintained wherever possible and we would ask that you enact your business continuity plans (if you have not done so already) where necessary.

### **Supplier Relief**

The Council has been working with Government and may be able to offer some additional support

to suppliers (known as “Supplier Relief”) on a case-by case-basis, according to the nature of the services, goods or works being provided, the challenges being faced, the contracted terms and the constraints of any statutory requirements.

We would also encourage all of our suppliers to look at the support and assistance being offered by the Government to businesses.

Every contract and supplier will have its own unique characteristics and therefore the Supplier Relief available will vary on a case by case basis, but some examples could be as follows:-

- Increased frequency of invoicing;
- Payment in advance or on order (not receipt) in exceptional circumstances;
- Redeployment of any currently unrequired services capacity to other areas of need;
- Change to service level agreements;
- Change to delivery locations, frequency and timing of delivery;
- Changes to targets and performance indicators;
- Extension of time for contract performance;
- Revised milestones or delivery dates and/or
- Payment at usual contractual rates for certain critical services with analysis and reconciliation at a later date.

There may be other forms of relief that may be helpful in the short-term and we would welcome suggestions to ensure that we can maintain business continuity.

Where suppliers cannot deliver or their ability to deliver is adversely affected by COVID-19, the Council may seek to re-deploy supplier resources (i.e. employees) in support of the COVID-19 efforts in return for Supplier Relief. Where appropriate, the Council will be in contact to discuss arrangements for this and/or any other contractual implications of PPN 02/20 in respect of your specific contract with us. If you identify that your organisation may require some flexibility or support against your existing contract during the Emergency Period, please make contact with your normal Council contract manager or day-to-day contact as soon as possible, to discuss the options that might be available.

If your organisation is at risk, you will need to do the following in order to receive the benefits arising from PPN 02/20 (including any Supplier Relief):

- Identify within your invoices to the Council which elements of the invoiced amount relate to services you are continuing to supply (i.e. business as usual) and which amounts are attributable to the impact of COVID-19. Please note that suppliers should not expect to make profits on elements of a contract that are undelivered;
- During the Emergency Period all suppliers are expected to operate with integrity;
- Agree to act on an open book basis, maintain records and make cost data available to the Council upon reasonable request during and after the Emergency Period. This will apply whether or not this requirement forms part of your current contract with the Council.
- Continue to pay employees and flow down funding received to your subcontractors and/or supply chain.

I would also ask you to note that the Council reserves the right to undertake future reconciliations as a condition of the expedited payment of invoices. In cases where suppliers are found to be taking undue advantage, or failing in their duty to act transparently and with integrity in accordance with the PPN 02/20, the Council will take action to recover payments made.

If you do not consider that your organisation is potentially at serious risk of insolvency or significant financial difficulties as a result of COVID-19, then please continue to submit your invoices in the usual way.

Where possible can we ask that all invoices, rather than sending them by post, are emailed to

invoices.only@southampton.gov.uk. This allows for more efficient processing and helps us to make payments as quickly as possible.

These are of course very unusual and challenging circumstances and we appreciate that you as our suppliers are, like the Council, having to adapt to changes as they happen. Please continue to provide your valued services, goods and works to the best of your ability during the Emergency Period and we will keep you updated on further developments. Your best efforts to support the Council, the city and our residents are genuinely and greatly appreciated.

Yours sincerely



Paul Paskins  
Head of Supplier Management

Email: [supplier.management@southampton.gov.uk](mailto:supplier.management@southampton.gov.uk)

## Appendix A – PPN 02/20

Please refer to separate document.



WEBCHAT

[southampton.gov.uk](https://www.southampton.gov.uk)



[@sotoncc](https://www.facebook.com/sotoncc)



[@southamptoncc](https://twitter.com/southamptoncc)

DX115710 SOUTHAMPTON 17