

# Nottingham City Council Delegated Decision



**Nottingham**  
**City Council**

Reference Number:	3900
Author:	Martin Williams
Department:	Development and Growth
Contact:	Martin Williams (Job Title: Commercial And Governance Manager, Email: martin.williams@nottinghamcity.gov.uk, Phone: 01158764226)
Subject:	Financial Support for the Tram
Key Decision (decision valued at more than £1million):	Yes
Total Value:	£3.7million (Type: Revenue)
Decision Being Taken:	<ol style="list-style-type: none"><li>1) To accept grant funding of £3.7million from the Department for Transport (DfT) as a support package for tram operations in Nottingham, following significant reductions in usage as a result of the Coronavirus pandemic.</li><li>2) To transfer this grant money from the DfT to Tramlink, for the purpose of supporting the continued operation of tram services in Nottingham.</li></ol>
Reasons for the Decision(s)	<p>In 2011, the Council entered into a Private Finance Initiative contract with Tramlink to build NET Phase Two and operate the extended tram system in Nottingham until 2034. As a result of the current Coronavirus pandemic, the tram usage has reduced to less than 10% of previous levels, and this has resulted in a significant reduction in fare income, which Tramlink would use to support the operation of the service. As a result, the Council and Tramlink have been in regular dialogue with the Department for Transport (DfT) to secure funding support to enable Tramlink to maintain a service for essential journeys. The Council has received confirmation from the DfT that it will receive a sum of £3.7m to support the tram operation covering a 12-week period that will be backdated to 17 March 2020, which will be transferred to Tramlink for the purpose of the continued operation of tram services in Nottingham.</p>

**Other Options Considered:** 1) As part of the work undertaken by the DfT, a review was carried out into the provision of an alternative bus service. However, this was ultimately discounted by the DtT.  
2) To not accept the DfT grant: if the Council chose not to accept the grant, this could lead to financial issues for the tram and its ability to assist the citizens of Nottingham in making essential journeys. For this reason, this option was discounted.

**Background Papers:** None

**Published Works:** None

**Affected Wards:** Citywide

**Colleague / Councillor Interests:** None

**Consultations:** Those not consulted are not directly affected by the decision.

**Crime and Disorder Implications:** There are no crime and disorder implications resulting from this decision.

**Equality:** EIA not required. Reasons: This decision does not set out proposals for changes to a policy, service of function.

**Decision Type:** Leader's Key Decision

**Subject to Call In:** No  
The call-in procedure does not apply to the proposed decision because the delay likely to be caused by the call in process would seriously prejudice the Council's or the public's interests. The Chair of the Overview and Scrutiny Committee (or Vice-Chair) in his/her absence has been consulted and agreed both that the decision proposed is reasonable in all circumstances and that it should be treated as a matter of urgency.

**Person Consulted:** Chair of the Overview and Scrutiny Committee  
**Consultation Date:** 18/05/2020  
The tram service has been running with substantially reduced passenger levels for several weeks and the transfer of the DfT funding to Tramlink is urgently required for them to maintain cash-flow within their business.

**Advice Sought:**

**Legal, Finance**

**Legal Advice:**

**This report seeks authority to accept money from the Department for Transport (DfT) for payment to Tramlink to support the operation of the tram and the pressures upon it as a consequence of Coronavirus. The Council must ensure that the grant is provided to Tramlink in accordance with the terms set out within the DfT grant funding letter to the Council. This is necessary to do as the Chief Executive and Chief Internal Auditor will be asked to sign a declaration that the grant has been paid and used in accordance with those terms. Legal Services colleagues will work with the Major Programmes team to agree any necessary documentation with respect to the transfer of the grant to Tramlink.**

**Advice provided by Dionne Claire Screatton (Solicitor) on 19/05/2020.**

**Finance Advice:**

**The funding is from the Department for Transport (DfT) to Tramlink of £3.7m over a 12-week period, to support the tram's adverse financial running costs, resulting as a consequence of Coronavirus. The funding from DfT is in line with the Council's Financial Regulations, Section E, relating to central Government grant funding as part of external funding and contract arrangements. The payments to Tramlink relate to the Concession Contracts Regulations 2016, which are included in the Council's Financial Regulations. Once the funding has been received from the DfT, into Council accounts, then the Council will provide the appropriate level of weekly/cumulative funding as set out in the DfT guidance and will distinguish this funding from the normal monthly funding provided currently. Finance Team colleagues will work with the Major Programmes team and Council's Tramlink contact lead to ensure funding is received from DfT and passed forward to Tramlink in a timely manner.**

**Advice provided by Bipon Bhakri (Head of Finance - Commercial & Projects) on 19/05/2020.**

**Signatures:**

<b>David Mellen (Leader/ PH Regeneration, Safety and Communications)</b>
<b>SIGNED and Dated: 06/06/2020</b>
<b>Chris Henning (Corporate Director for Development and Growth)</b>
<b>SIGNED and Dated: 04/06/2020</b>