

Nottingham City Council Delegated Decision



Nottingham
City Council

Reference Number:	4336
Author:	Martin Williams
Department:	Growth and City Development
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:	Up to £9 million (Type: Revenue)
Decision Being Taken:	<p>1) To accept grant funding from the Department for Transport (DfT) to support the continued operation of the tram service, as a direct result of reduced patronage due to the Coronavirus pandemic.</p> <p>2) To transfer the grant money received from the DfT to Tramlink, for the purposes of supporting the continued operation of the tram service.</p>
Reasons for the Decision(s)	<p>In 2011, the Council entered into a Private Finance Initiative (PFI) with Tramlink to build NET Phase Two and operate the extended tram system in Nottingham until 2034. As a result of the Coronavirus pandemic, the tram usage has reduced significantly, which has had a direct impact on the fare income received by Tramlink. The DfT has recognised this and has been paying an emergency support grant since March 2020 to ensure that a service can continue to be provided for essential journeys. The emergency support grant is calculated based on operational losses being incurred by Tramlink, and at the end of June a total of £23.8 million has been received.</p> <p>The Council has received notification that the emergency support grant will cease on 19 July 2021 (in line with the Government's 4th step of their road map) and this will be replaced by a recovery grant that will continue to be paid until April 2022. It is expected that the recovery grant for the tram service will be between £8 and £9 million. This funding will be transferred to Tramlink in line with any conditions set out by the DfT.</p>

Other Options Considered:	1) To not accept the DfT grant: this would lead to financial issues for the tram and its ability to provide a service to the citizens of Nottingham in making essential journeys. For this reason, this option was discounted.
Background Papers:	None
Published Works:	Decision 3900: Financial Support for the Tram (https://committee.nottinghamcity.gov.uk/ieDecisionDetails.aspx?ID=5242) Decision 3940: Further Financial Support for the Tram (https://committee.nottinghamcity.gov.uk/ieDecisionDetails.aspx?ID=5281) Decision 4123: Continued Financial Support for the Tram (https://committee.nottinghamcity.gov.uk/ieDecisionDetails.aspx?ID=5469)
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: The decision does not set out proposals for a new or changing policy, service or function.
Decision Type:	Leader's Key Decision
Subject to Call In:	Yes
Call In Expiry date:	23/08/2021
Advice Sought:	Legal, Finance

Legal Advice:

This report seeks authority to accept money from the Department for Transport (DfT) to support the continued operation of the tram. Only money received from the DfT will be passed onto Tramlink and so there is no commitment to Tramlink until the DfT have provided it to the Council. The money will be received and can only be used for these purposes.

Upon receipt, the money will be transferred directly to Tramlink to support their continued operation, which has incurred significantly reduced patronage following the impact of the pandemic.

The money being provided by the DfT is moving from emergency grant funding to recovery funding in line with the Government's recovery road map.

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. Legal services will work with the report author to agree any necessary documentation with respect to the transfer of the grant onto Tramlink.

Advice provided by Dionne Claire Scream (Solicitor) on 09/08/2021.

Finance Advice:

The additional funding within this decision is from the Department for Transport (DfT) and is for the value of up to £9 million. This grant from DfT is to be paid to Tramlink to support the tram's adverse financial position due to the Coronavirus pandemic. The Council will not be financially committed to Tramlink until the money has been received from the DfT. Once the monies have been received by the Council, they will be transferred to Tramlink in accordance with DfT grant conditions.

Finance team colleagues will work with the Major Programmes team and the Council's Tramlink contact lead to ensure that funding is received from DfT and passed forward to Tramlink in a timely manner. The risk of any overpayment or non-compliance resulting in funding clawback sits with Tramlink.

The Council has approved previous decisions in relation to this funding and this decision is essentially a continuation of that funding / support.

Advice provided by Sarah Baker (Commercial Business Partner - Projects) on 06/08/2021.

Signatures:

David Mellen (Leader/ PH Strategic Regeneration Communications)
SIGNED and Dated: 16/08/2021
Michael Wayne Bexton (Interim CD for Growth & City Development)
SIGNED and Dated: 16/08/2021