



21st May 2014

Agenda Item:5

REPORT OF SERVICE DIRECTOR, HIGHWAYS

NOTTINGHAMSHIRE EXPRESS TRANSIT: NOTTINGHAM – TOTON FINANCIAL ASSISTANCE PACKAGE

Purpose of the Report

1. To determine whether to consider requests for financial assistance from businesses located beyond the defined Financial Assistance Package (FAP) area where it is considered that NET extension works have had an adverse impact upon business and a fall in income as a result can be demonstrated.

Background

2. A FAP is currently in operation for small businesses along Chilwell Road to assist in dealing with difficult trading conditions during the NET Phase 2 construction works. The scheme is discretionary and does not fall within the national compensation code which applies to schemes such as NET.
3. The terms of the FAP were set out in a report to County Council at its meeting of 22nd February 2007 and were based upon consultation with local traders and applying knowledge of the scheme which was used during construction of NET line 1 in Hyson Green. The details of the scheme were included as part of the Public Inquiry held in November 2007. The FAP is available to businesses operating within a defined geographical area where it is considered the impact of the works will have a significant detrimental effect upon trading conditions.
4. At the County Council meeting of 24th September 2009 the authority resolved that the policy on NET Phase Two be changed to ceasing to be a Promoter of the project and, as a consequence, no longer meet the costs of the Chilwell FAP.
5. At the County Council Meeting of 27th January 2011 the authority determined to complete the necessary legal settlement deed to withdraw its support for the NET Line 2 and 3 extensions and as such no longer be joint promoter of the project. However, it was agreed at Full Council that despite the withdrawal of County Council support for the project it would enter into a 50% funding arrangement with Nottingham City Council to continue to support an agreed FAP designed to support local traders in the Chilwell High Road area during the construction phase of the Tram. This is an exceptional arrangement which acknowledges that

the scale of the works which will be immediately adjacent to the businesses in this area is significant and will create very difficult trading conditions during the period they are in situ.

6. The FAP came into effect on 14th January 2013 following the start of significant utility diversion work on Chilwell Road. The road was closed to through traffic in March 2013 with that position originally expected to remain for 12 months. The closure of the road was accompanied by a number of parking, logistical and marketing initiatives and the provision of a 'Shoplink' bus to encourage people to continue to visit the area and to support the businesses.
7. Since the road was closed, traders on Chilwell Road have expressed considerable concern about the difficult trading conditions. Following representations from traders' representatives the City and County Councils agreed to remove the annual cap of £13,500 from the scheme and to set up a separate hardship fund to be allocated to traders who could demonstrate a genuine threat to their business as a result of the works. A fund of £50,000 was made available jointly by the City and County, and the fund is administered by Broxtowe Borough Council. A further £25,000 from each authority has subsequently been approved to assist traders further as work continues. These funding levels were agreed at the Transport and Highways Committee meetings on 31st October 2013 and 20th March 2014.
8. The current programme shows that the main works at Chilwell Road/High Road will be substantially completed during July 2014. Most of the utility works are now complete and with effective management and appropriate resource levels for the remaining works to be undertaken directly by the main contractor, Taylor Woodrow Alston (TWA), it is considered possible to complete these works in this timescale.
9. At the meeting of the County Council on 16th January 2014 it was resolved that the County Council recognises the huge social, economic and environmental benefits the tram brings to the City of Nottingham and the areas of Nottinghamshire it serves. Also that the County Council will, in principle, support the future development of the tram by working in partnership with the District and Borough Councils and Nottingham City Council.

Payments made under the Financial Assistance Package.

10. Up to 28th April 2014 30 businesses within the defined area have made successful requests for assistance under the terms of the FAP with the average award per business being £8236. The total payments made under through the FAP scheme as of 28th April 2014 is £247,085 this being funded on a 50:50 basis between the County and City Councils.
11. The scheme is administered by Bruton Knowles Property Consultants on behalf of the County and City Councils, applicants are required to provide robust evidence of the fall of income by supplying full accounts.

12. Financial assistance is available to all traders and businesses with a frontage onto Chilwell High Road / Chilwell Road, between the junctions with Middle Street and Bridge Avenue. The area of assistance also includes roads that access from Chilwell High Road / Chilwell Road which do not have alternative access. The area is as defined and shown on the attached drawing – Financial Assistance Area (Chilwell Road, Chilwell High Road).
13. The eligibility rules are similar to those that applied to the scheme for the Hyson Green shopping area during the construction of NET Line One. To qualify, businesses need to have a turnover of less than £500,000, which reflects the fact that larger businesses are considered to be better able to cope with the disruption. The scheme provides a contribution to loss of gross profit of between 50% and 70% depending on the size of the business, with the smallest businesses receiving the highest contribution. The scheme operates whilst significant construction works are taking place in the vicinity of the business, and for a 'recovery' period afterwards of one third of the time of the construction works.

Businesses outside of the Financial Assistance Package Area

14. Representations have been received from traders outside of the defined FAP area that the impact on trade is not restricted to within the area alone. In light of these the County Council and City Council have agreed to consider applications for financial assistance from businesses outside of the previously defined area. Any such application, in order to be considered eligible to be included in the FAP, will be required to demonstrate that significant works have had a direct impact upon business and a resultant fall in income can be demonstrated. Should a business be considered eligible then the FAP criteria will apply to the application during the period of the works which have had the direct impact upon income.
15. The sentence below provides guidance for anyone outside of the FAP area considering making a claim:

If you consider the works close to your premises have been significant with an adverse impact upon business and can demonstrate a fall in income as a direct result of the work then you are entitled to make a claim for financial assistance which will be considered in line with the agreed assessment method.

16. The decision to consider applications from beyond the defined FAP area for assistance is intended to assist those businesses outside of the area that have been directly impacted upon by significant works, road closures or the removal of nearby parking and is not intended to support all local traders. An initial assessment will be carried out by officers within the Highway Division and if considered eligible requests for assistance will be referred to Bruton Knowles to liaise with the applicant and assess against the established FAP criteria.

Reasons for Recommendations

17. It is recognised that the period during the NET extension construction is a worrying one for some local business proprietors due to the works. It is also recognised that a number of local businesses outside of the defined FAP area have been very directly impacted upon by the roadworks.
18. Whilst appreciating the challenging period which traders are facing, the introduction of the tram system and other improvements currently taking place will contribute to a regenerated and revitalised Beeston town centre from which it is hoped all local business can prosper.

Statutory and Policy Implications

19. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, the NHS Constitution (Public Health only), the public sector equality duty, safeguarding of children and vulnerable adults, service users, sustainability and the environment and ways of working and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

Financial Comments

20. Any additional costs incurred through considering requests for assistance from traders outside of the defined FAP area are currently unfunded. A capital bid will be submitted to the Corporate Asset Management Group to request the necessary funding. The exempt appendix to this report seeks to give an indication of potential costs associated with extending the FAP area based on various numbers of financial assistance awards being made at the average payment made to date within the previously defined area.

RECOMMENDATION

It is **RECOMMENDED** that:

the opportunity to claim for loss of income to businesses as a direct result of the tram construction work be extended to traders from outside the Financial Assistance Package area under the eligibility terms set out in paragraphs 13 to 15.

Andy Warrington
Service Director (Highways)

For any enquiries about this report please contact:

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Constitutional Comments (SHB)

21. Committee have the power to decide the recommendation.

Financial Implications (GB 8/5/14)

22. The financial implications are set out in paragraph 20 of the report.

. Electoral Division and Members Affected

Beeston North
Beeston South & Attenborough
Chilwell & Toton