



Small Business Compensation Guidance Booklet



Cadent
Your Gas Network

If you smell gas, call 0800 111 999

**Commitment.
Community.
Curiosity.
Courage.**

**Working to keep the
energy flowing whatever
the future brings.**

We're proud to be Cadent

Small business compensation

What is a small business claim?

A small business compensation claim relates to a legal requirement of all gas transporters to compensate qualifying small businesses affected as a direct result of their gas street works.

Qualifying small businesses can claim for compensation for loss of gross profit subject to meeting a number of criteria according to the Regulations.

The Regulations are known as '**The Gas (Street Works) (Compensation of Small Businesses) Regulations 1996**' (the "**Regulations**")

Cadent Gas Limited ("**Cadent**") is regulated by Ofgem. It must legally adhere to the regulations and any decision made is not the choice of Cadent, but a result of following the correct process. This involves ensuring that each successful claim is appropriately assessed and is supported by robust evidence.

■ **'a legal requirement of all gas transporters to compensate qualifying small businesses affected as a direct result of their gas street works'**

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As Cadent is regulated by Ofgem, we are subject to providing robust supporting evidence that supports each successful claim.

Cadent is committed to processing claims in an appropriate and timely way. It has a dedicated team that will work with businesses claiming to help them through the process.

**Cadent
Customer Centre
Loss of Business Helpline**

0845

757

3202

Email:

CS.busclaims@cadentgas.com

Step 1 – Getting in touch

How and when should a business get in touch with Cadent?

Are the gas works directly affecting my business?

Is there a clear loss of gross profit as a result of the gas works?



Step 1 Getting in touch

How and when should a business get in touch with Cadent?

When to make contact

If your business is showing a clear loss of gross profit and you think you qualify, a Small Business Compensation Claim Form must be completed and submitted to Cadent along with any required information. A copy of the form has been enclosed within the **Small Business Compensation Claim Pack** (the “**Claim Pack**”).

A Claim Pack is issued to all businesses that have provided their intention to claim compensation, and this guidance document is part of the Claim Pack.

It should be noted that a business cannot recover any indirect costs, such as legal or professional fees, and must at all times take steps to minimise any losses where practicable and economic.

Time limits

Any business wishing to claim **must**:

1. Contact Cadent and register their **written intent to claim within 3 months** from when the gas street works have completed; and
2. Provide the information required to comply with the Regulations **within 6 months**

from when the gas street works have completed. (A Business Supporting Information template example has been provided for guidance)

Important!

Contact Cadent Loss of Business team

Written content to claim must be submitted to Cadent **within 3 months** of the gas street works completion

Information required by the regulations must be submitted to Cadent **within 6 months** of the gas street works completion



The regulation criteria

- A clear loss of gross profit as a **direct result** of our gas street works
- The business must depend on **direct custom** to the premise to enable normal trade
- The business has remained **open for trade** for the duration of the gas street works
- Our gas street works have taken place for **more than 28 consecutive days**
- The business must have an aggregate **annual turnover less than £1million**, as at 1996 prices (currently £1.777million for 2017/18)
- The loss of gross profit must be **more than 2.5% of the aggregate annual turnover** of the business, or group, for the financial year ending before the completion of the gas works. (**minimum £500 applies**)
- Written intent of your intention to claim must be submitted **within 3 months** of the completion of our gas street works
- Required information must be submitted **within 6 months** of the completion of our gas street works



Initial Contact

Once a business contacts the Loss of Business team, one of the dedicated team members will discuss the claims process and the regulation criteria that must be met to qualify.

If the regulation criteria are believed to be met, the Loss of Business team will log the claim and issue a Claim Pack to the business to begin the claim assessment.

Regulation Criteria

1

Loss of Gross Profit

Clear loss of gross profit as a direct result of our gas street works

2

Direct Custom

Business must depend on direct custom to the premise to enable normal trade

3

Open for Trade

Business has remained open for trade for the duration of our gas street works

4

28+ Days

Our gas street works must have taken place for more than 28 consecutive days

5

Annual Turnover

Business aggregate turnover must be less than £1million, as at 1996 prices. (Currently £1.777million for 2017/18)

6

2.5% Annual Turnover Loss

Loss of gross profit must be more than 2.5% of aggregate turnover for the financial year ending before the completion of our gas street works. **(minimum £500 applies)**

7

Written Intent

Written intent of your intention to claim must be submitted within 3 months of the completion of our gas street works

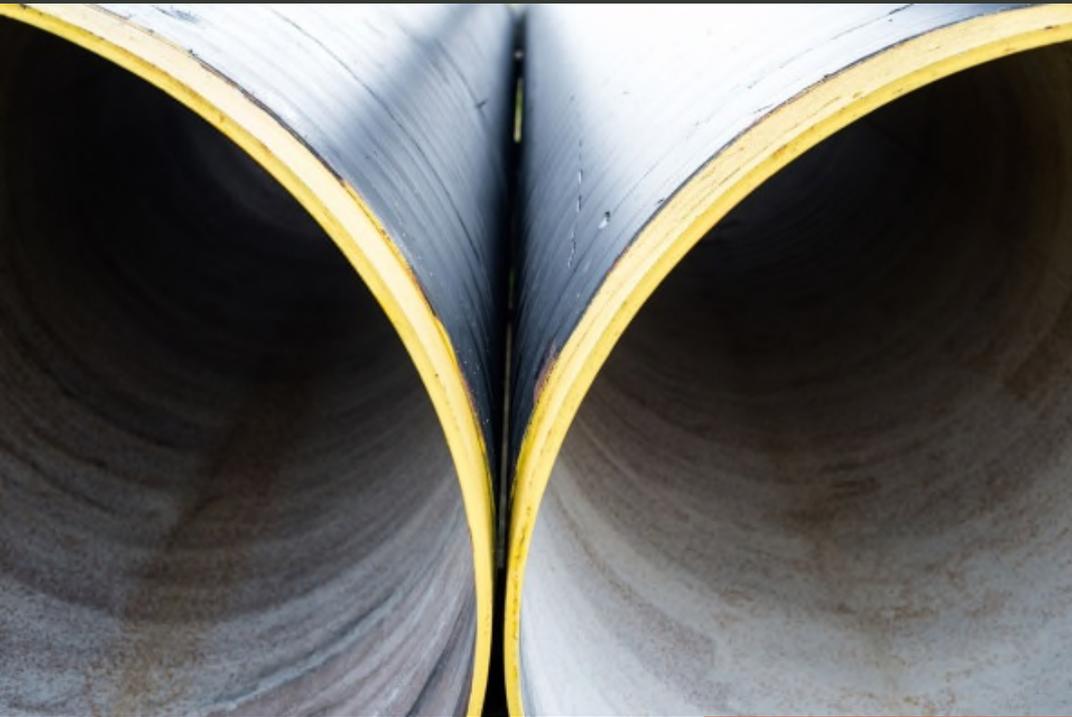
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Required Information

Required information must be submitted within 6 months of the completion of our gas street works

Step 2 – Claim Qualification

What's in the Claim Pack?



What forms do I complete?

What information do I provide?



Step 2 Claim qualification

What's in the Claim Pack?

The Claim Pack

The Claim Pack has a number of documents that are provided for the business to complete and submit as part of their claim. These have been designed to help us assess and validate any loss to the business.



The documents contained within the pack are;



- If your business uses an accounting system, e.g. SAGE, Quick Books or SAP, an extract in Microsoft Excel on a transaction basis would be optimal.

Information Letter and Small Business Compensation Claim form

The Information Letter has been provided to give you an overview as to why your business may have been affected, how to make a claim and a summary of the regulation criteria and supporting information that we require to help assess your claim.

The Small Business Compensation Claim form is designed to record the business and contact details, and for you to provide details regarding the disruption to your business along with any other information you may have that would help the claim process.

Business Supporting Information Template

This template has been provided within the Claim Pack as a useful guide to help organise the supporting information, such as the financial sales and transaction data, into a useful format that will help us assess any impact to the business and provide an appropriate settlement position.

Any losses have to be attributable to the works. Therefore if your business takes a significant amount of deposits / operates a business model where there is a significant difference in time between a customer ordering and the sale being recorded, we would ask that you submit data based upon the date that the order was made and

also as recorded in your annual accounts.

Businesses that this would typically apply to would include interior designers, car showrooms, estate agents etc.

If your business has not been trading for a whole comparative period, the accounts are required from the beginning of trade and also a business plan if available.

The business plan is only required so we can assess the forecasted trade of the business to help assess what could have reasonably been expected to accrue if our gas street works had not taken place.

Cadent reserves the right to complete further investigations, request additional information to support the validation of the claim, or audit any original books or documentation to verify the claim.

Where appropriate, we may also request copies of licences, permits, or certificates that you may hold.

Each claim is reviewed on an individual case by case basis, and occasionally the information you provide may be shared with our 3rd party claims consultants who we may appoint on our behalf to validate claims. Any information will be treated as strictly confidential.



HM Revenue & Customs and Our Regulator

The HM Revenue & Customs and our regulator have the right to request details and audit any compensation payments, so we may keep any information on file, as required, so that we can comply with any formal request for information that we receive.

Why does Cadent need the information?

Cadent's obligation to qualifying claimants under the Regulations is to make a payment in accordance with the Regulations. The requirement is to pay the qualifying business the difference between the profit or loss it actually achieved for the relevant disruption period and the profit or loss that could reasonably have been expected to accrue for the period, had it not been for the works.

To calculate this difference involves carrying out a forecast of what the sales and profit would have been but for the works. The Regulations do not set out an exact methodology for undertaking this forecast.

Because each business is unique, the methodology by which a forecast of the profit that could have been earned will be unique to that business so that the loss calculated fairly represents what loss the business has suffered.

As part of the Small Business Compensation Claim form, we request that the business provide a statement of losses incurred and how the business has calculated the loss.



What happens next?

Once we have received the completed Claim Pack, an initial assessment check is completed to ensure we have all the necessary information to process the claim.

Occasionally we may request further information or wish to discuss the claim with you for clarification.

We may also appoint our 3rd party claims consultant to review a claim or provide advice to ensure all claims are appropriately and fairly calculated.

What happens when the Business qualifies?

The supporting information is reviewed and assessed by either ourselves, or our appointed 3rd party claims consultants.

If the Business qualifies, the appropriate assessment is completed and a settlement position is identified.

What happens when the Business does not qualify?

If the Business has been assessed and does not qualify, a non qualify letter will be issued to you and we will provide all the details and reasons for the non qualification.



 **Everybody is
unique and so is
your business.**

**Therefore
each claim is
unique and
must be
looked at
individually.**



Step 3 – Supporting Information

What supporting information is required to validate the claim?

Do I need to send my accounts?

What if I can't provide all the information?



Step 3 Supporting information

What supporting information is required to validate the claim?

Supporting Information

Because each business is unique, the methodology and supporting information required may be unique, however the following information is required to ensure we have sufficient detail to validate any claim;

1. Previous annual accounts (preferably audited accounts if available) for the three years before the claim. If the business has been trading for less than three years, accounts from the beginning of trade will be required
2. Accounts for the year of the disruption
3. If audited accounts are not required, then the original figures as submitted to HMRC are required, also copies of the VAT returns for above periods
4. Balance sheets for three years before and during the claim period
5. Breakdown of the sales and number of transactions, before and during the claim period, such as extract from accounting software or the

template provided in the Claim Pack

6. Business statement of losses incurred and how the business has calculated the loss
7. Confirmation whether the business is registered for VAT purposes and whether the sales figures provided are inclusive of VAT or not

We reserve the right to request further information in support of the claim, such as invoices, till receipts, stock records etc.

If you use an accounting system (e.g. SAGE / Quick Books / SAP) we would please ask for the sales to be provided on a transaction basis, ideally in Microsoft Excel format where possible.



What if supporting information can't be provided?

If the required supporting information or a suitable alternative is not available or cannot be provided, then the claim cannot be validated and would be subsequently non qualified. A non qualify letter would be issued to the Business detailing the reasons.

If a claiming Business has any concerns they should contact the Loss of Business Customer Care team.



**0845
757
3202**

Email:
CS.busclaims@cadentgas.com



The required information is essential to ensure a claim is validated fairly and appropriately.



Step 4 – Validation and Approval

What is the validation and approval process and who performs it?

How is the information I provided used?

What happens?



Step 4 Validation and approval

What is the validation and approval process and who performs it?

Validation of the Supporting Information

When the Small Business Compensation Claim form and supporting information has been received by Cadent, we complete an initial check assessment to ensure that we have all required information to help us validate any loss to the business.

If we require any further information or if we need to arrange a meeting, a member of the Loss of Business team will contact you.

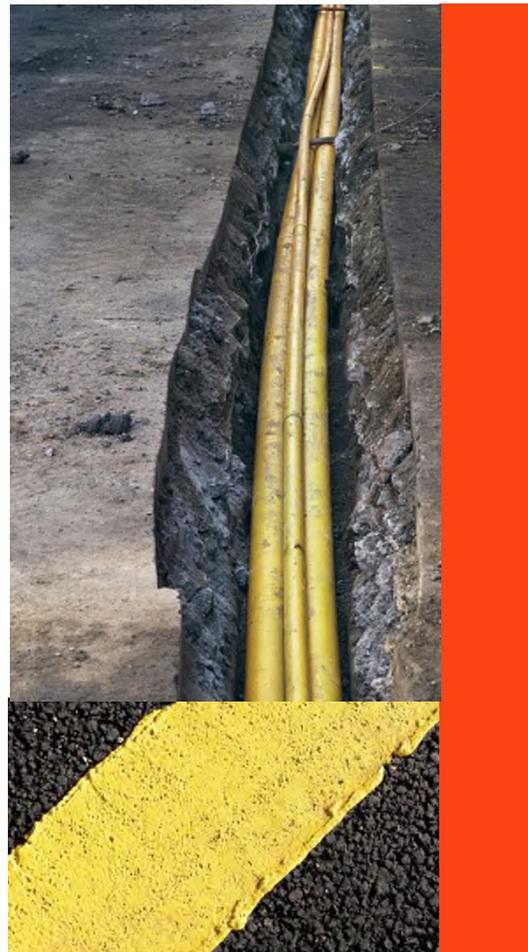
Evaluating the claim

Once all of the information required to assess the claim has been received, we will carry out our review and baseline assessment to determine the most appropriate and fair loss of gross profit settlement position.

As each business is unique, the appropriate methodology must be identified depending on the business and specific claim circumstances, also any other factors as appropriate.

3rd Party Claims Consultants

In some instances we may appoint our 3rd party claims consultants to assess the claim on our behalf, and where required, liaise with you to ensure that any loss calculated fairly represents the loss the business has suffered.





Cadent Settlement Position

Cadent will confirm the proposed settlement position to you, and also confirm this in writing for your consideration.

If you feel that the settlement position is incorrect, we would request that you provide any further information to support this along with the relevant rationale.

Subject to any further information or reasonable factors, we would issue our final settlement proposal in writing for your acceptance.



■ We're
committed to
being fair and
reasonable...

...being **curious**
to understand
your business

...and acting
courageously for
the future



Step 4 – Payment Process

What is the payment process and how long does it take before payment is made?



What compensation will I get?

How quickly will I get my compensation?

Step 4 Validation and approval

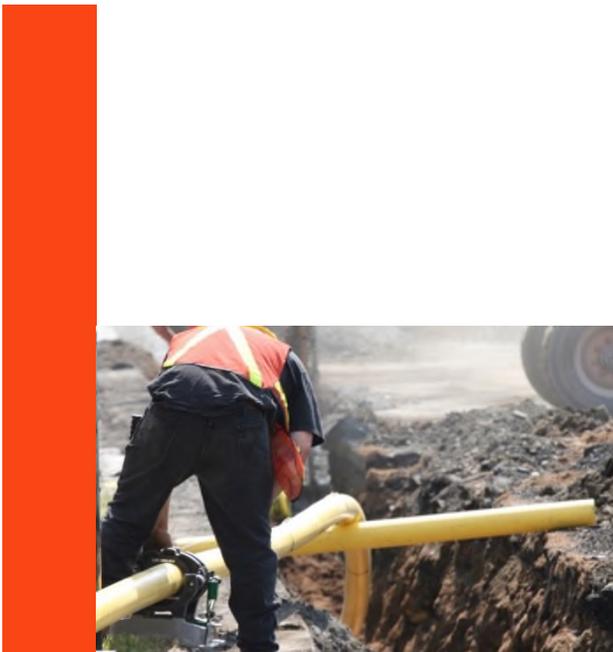
What is the validation and approval process and who performs it?

Formal Acceptance

Cadent will issue to you our final proposed settlement position in writing via a settlement acceptance offer letter for an authorised person on behalf of the business to sign and return.

When the acceptance letter has been received, the payment request is processed accordingly and payment is typically made within 28 days of approval.

We require the signed copy to be returned to the address on the letter, along with the preferred payment method and details, to enable us to begin the payment process.



How long does it take before payment is then made?

There are a number of payment methods available, e.g. bank transfer, cheque, etc.

For cheque payments, please allow a minimum of 10 working days for the cheque to be made payable and posted to the address provided.

For bank transfer payments, please allow a minimum of 3 working days for the payment to be processed.

Cadent will issue to you a payment confirmation letter once the payment has been processed.



**If you have any questions
about the small business
compensation process...**

**Please contact the Loss
of Business team who will
be happy to help.**

Address:

Cadent

Customer Support

**Hinckley Operational
Centre**

Brick Kiln Street

Hinckley

Leicestershire

LE10 0NA

0845

757

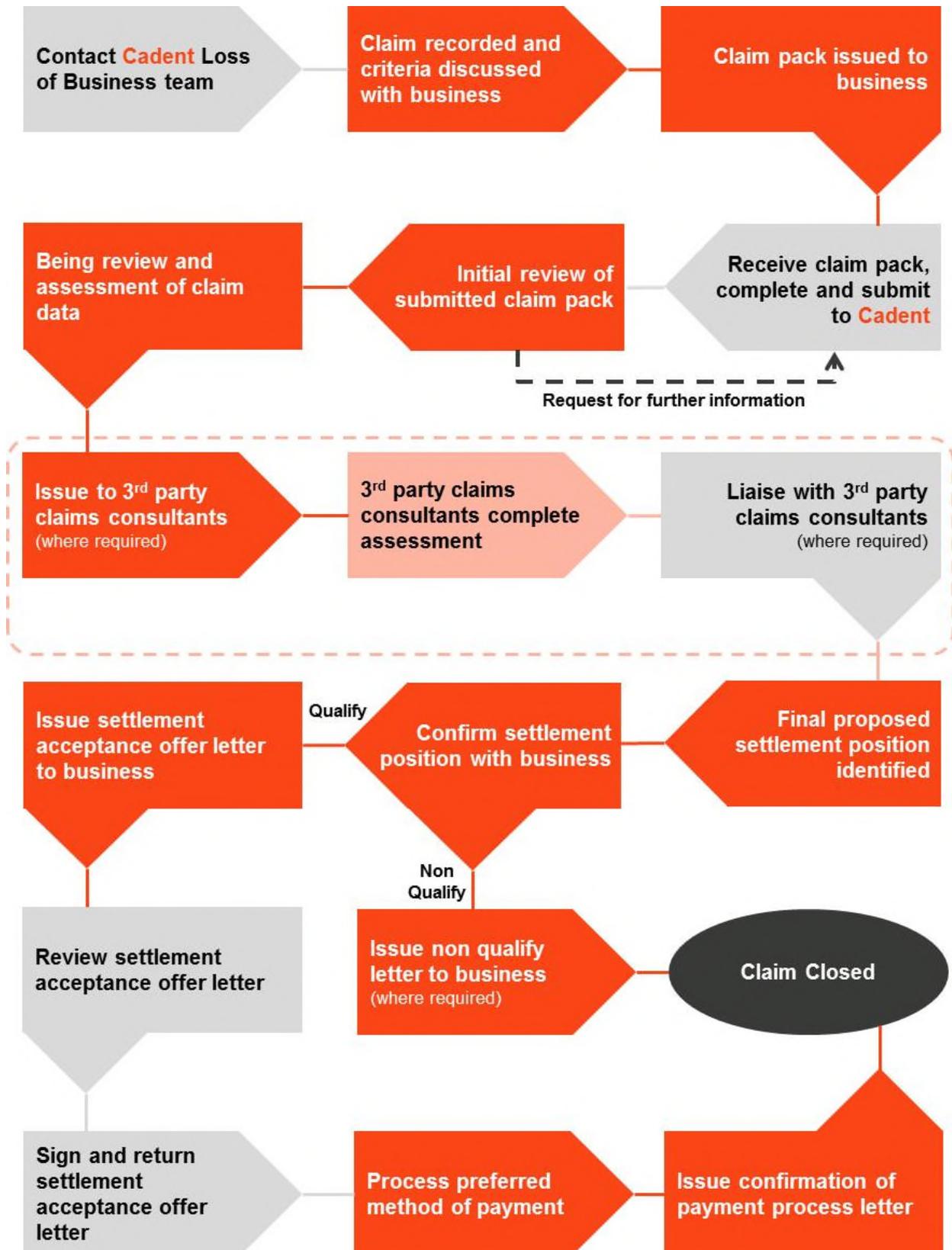
3202

Email:

CS.busclaims@cadentgas.com

Small Business Compensation Claims Process

Overview



Cadent

Your Gas Network

Cadent Gas Limited

Registered Office Ashbrook Court, Prologis Park
Central Boulevard, Coventry CV7 8PE
Registered in England and Wales No.10080864

National Gas Emergency Service
0800 111 999* (24hrs)

*Calls will be recorded and may be monitored

5000419 (01/13)

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Filename: Cadent SBC Guidance Booklet Draft v4
Directory: C:\Users\Andrew.Wyatt\Documents
Template: C:\Users\stacey.weeks\Desktop\BRAND UNION\Approved
Letterhead\Cadent Letterhead Coventry.dotx
Title: Letterhead template Coventry
Subject:
Author: National Grid
Keywords:
Comments:
Creation Date: 24/05/2017 11:25:00
Change Number: 40
Last Saved On: 01/06/2017 13:01:00
Last Saved By: National Grid
Total Editing Time: 408 Minutes
Last Printed On: 01/06/2017 13:02:00
As of Last Complete Printing
Number of Pages: 28
Number of Words: 1,989 (approx.)
Number of Characters: 11,338 (approx.)