



Investment Board

Date: Monday 11 March 2019
Time: 9.30 am **Public meeting** Yes
Venue: Room 116, 16, Summer Lane, Birmingham, B19 3SD

Membership

Councillor Bob Sleigh (Chair) Nick Abell	Portfolio Lead for Finance & Investments Coventry & Warwickshire Local Enterprise Partnership
Councillor Mike Bird Paul Brown	Walsall Metropolitan Borough Council Black Country Local Enterprise Partnership
Councillor Tristan Chatfield	Birmingham City Council
Councillor Steve Eling	Sandwell Metropolitan Borough Council
Councillor Robert Hulland	Solihull Metropolitan Borough Council
Councillor Tony Jefferson	Stratford-on-Avon District Council
Councillor Roger Lawrence	City of Wolverhampton Council
Councillor Pete Lowe	Dudley Metropolitan Borough Council
Councillor Jim O'Boyle	Coventry City Council
Sue Summers	West Midlands Development Capital
Gary Taylor	Greater Birmingham & Solihull Local Enterprise Partnership

Quorum for this meeting shall be four members.

If you have any queries about this meeting, please contact:

Contact Carl Craney Governance Services Officer West Midlands Combined Authority
Telephone 0121 214 7965
Email Carl.Craney@wmca.org.uk

AGENDA

No.	Item	Presenting	Pages
Meeting Business Items			
1.	Apologies for Absence (if any)	Chair	None
2.	Notification of Substitutes (if any)	Carl Craney	None
3.	Declarations of Interests (if any) Members are reminded of the need to declare any disclosable pecuniary interests they have in an item being discussed during the course of the meeting. In addition, the receipt of any gift or hospitality should be declared where the value of it was thought to have exceeded £25 (gifts) or £40 (hospitality).	Chair	None
Business Items for Consideration			
4.	Jaguar Land Rover Development Partnership - Update [Verbal report]	Andrew Browning	None
5.	Wednesbury - Brierley Hill Metro Extension	Phil Hewitt / Nafees Arif	1 - 18
6.	Exclusion of the Public and Press [To pass the following resolution: That in accordance with Section 100(A) of the Local Government Act, 1972 the press and public be excluded from the meeting for the following items of business as it involves the likely disclosure of exempt information relating to the business or financial affairs of any particular person (including the authority holding that information)]	Chair	None
Business Items for Consideration			
7.	Wednesbury Brierley Hill Metro Extension	Phil Hewitt / Nafees Arif	19 - 24
8.	Re-Admission of the Public and Press To pass a resolution to re-admit the public and press.	Chair	None
Business Items for Consideration			

9.	Wednesbury - Brierley Hill Metro Extension	Phil Hewitt / Nafees Arif	None
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West Midlands
Combined Authority

Investment Board

Date	11 March 2019
Report title	Midland Metro Wednesbury to Brierley Hill Extension
Portfolio Lead	Councillor Roger Lawrence – Transport
Accountable Chief Executive	Laura Shoaf, Managing Director TfWM Email: laura.shoaf@tfwm.org.uk Tel: 0121 214 7444
Accountable Employee	Phil Hewitt, Director West Midlands Metro Email: phil.hewitt@westmidlandsmetro.com Tel: 0121 214 7254
Report has been considered by	Technical Advisory Panel – 22 nd February Investment Advisory Group – 25 th February Strategic Transport Officers Group – 25 th February Senior Leadership Team – 27 th February

Recommendation(s) for action or decision:

The Board is recommended to:

1. Note the progress being made on delivering the Wednesbury to Brierley Hill Extension;
2. Note the benefits the scheme will deliver to the Black Country and surrounding areas;
3. Note the increase in the estimated outturn cost for the project to £449.5 million, which delivers a Benefit Cost Ratio of 2.03:1 calculated in accordance with WebTAG;
4. Note Dudley and Sandwell MBC's commitment to provide land, works and support services to the project which serve to avoid costs of between £12m and £15m.
5. Note the commitment of £207 of Transforming Cities funding made by the WMCA in December 2017
6. Approve the commitment of funding as set out in Section 8 of this report, in particular:
 - Confirming the commitment of £103m Investment Programme funding
 - Confirming approval for Prudential Borrowing up to £157.1m; and,
7. Approve Delegation of Authority to Officers as set out in Section 10.0 of this report

Purpose

- 1.1 To provide an update on progress in delivering the Wednesbury to Brierley Hill Extension (WBHE) to West Midlands Metro subsequent to the WMCA's approval in December 2017 of the Outline Business Case (OBC) and application for a Transport Works Act Order to renew CPO Powers.
- 1.2 To report additional outturn costs for WBHE and the result of the Final Business Case assessment.
- 1.3 To seek approval of funding to cover the increased outturn costs in order to achieve opening of WBHE by the end of 2023.
- 1.4 To seek approval of funding to cover the wider network enhancements.
- 1.5 To seek approval of the scheme of delegation.

2.0 Background

- 2.1 The objectives of the Wednesbury to Brierley Hill Extension support the WMCA's transformative vision for the region. The core objectives below remain as set out in the Outline Business Case (OBC) approved by the WMCA Board in April 2017:
 - 2.1.1 Support regeneration in areas of high deprivation through improved connectivity with areas of opportunity;
 - 2.1.2 Support economic development by improving the accessibility of major employment sites;
 - 2.1.3 Encourage modal shift from private car by delivering a high quality and reliable public transport service;
 - 2.1.4 Support an integrated transport network through providing seamless interchange; and
 - 2.1.5 Deliver a high-quality public transport service in a manner that supports local environmental and safety benefits.
- 2.2 The Wednesbury to Brierley Hill extension will connect with Midland Metro Line 1 at Wednesbury and run from Line 1 via Dudley town centre and Waterfront / Merry Hill to Brierley Hill. The scheme will provide up to 17 new stops and will integrate with the new Dudley Interchange, for local bus services, and at Dudley Port railway station. This extension is planned to open to public service by the end of 2023.
- 2.3 The Wednesbury to Brierley Hill Extension comprises (refer to Appendix A):
 - 10.7km of new twin track tramway (of which 6.7km runs along the former South Staffordshire Railway corridor and 4.0km running on-street through Dudley, the Waterfront / Merry Hill and Brierley Hill).
 - 17 Metro stops (of which 2 are provisional).
 - 11 road traffic junctions crossed at-grade.
 - 23 existing structures to be refurbished or rebuilt (road, railway and canal bridges, including the Parkhead Viaduct).
 - 4 new structures to be built (2 which connect with Metro Line 1 and 2 over Dudley Canal at Brierley Hill).

- Connections with Metro Line 1, Dudley Port railway station, Dudley Interchange, Waterfront and Merry Hill shopping centre.
- 2.4 An application for an Order to be made under the Transport and Works Act 1992 Sections 1 and 5, known as the Midland Metro (Wednesbury to Brierley Hill and Miscellaneous Amendments) Order ("the 2005 Order") was submitted on 7 April 2003. Following a local public inquiry and appropriate consideration by the Department, the Order (SI 2005 No. 927) was made and came into force on 22nd March 2005.
- 2.5 The 2005 Order planning powers were exercised in the undertaking of material operations at Dudley Port Railway Station and at the Portersfield site in the centre of Dudley in 2009/10. Both relevant planning authorities, Dudley and Sandwell Councils, were satisfied that all necessary pre-conditions had been met. Therefore, the project has an implemented planning consent as well as statutory authority to construct and operate the extension. However, the powers of compulsory acquisition conferred by the 2005 Order expired in 2010.
- 2.6 Following approval by WMCA Board on 21 April 2017 an OBC was submitted to DfT by the Mayor for the West Midlands. After a thorough scrutiny of the OBC by DfT officials, in particular of the transport modelling and economic case for the scheme, funding of £250 million from the new Transforming Cities Fund was allocated to WMCA by Government on 20 November 2017, including the Government funding of £207m requested in the OBC.
- 2.7 On 8 December 2017 the WMCA Board approved the allocation of £207 million of this funding together with £103m of WMCA Investment Programme funding to the WBHE project and authorised submission by the WMCA to the Secretary of State for Transport of an application under the Transport and Works Act 1992 for the Midland Metro (Wednesbury to Brierley Hill Land Acquisition) Order ("the Order"), to refresh powers of compulsory acquisition in respect of land and interests in land required to implement the scheme.
- 2.8 At the time of writing (27 February) there remain 8 outstanding objections to the Proposed Order and a local public inquiry will commence on 19 March 2019. Good progress continues to be made in negotiation of agreements with objectors with the aim of them withdrawing ahead of the Inquiry.
- 2.9 The following progress towards delivery of the project has been achieved subsequent to OBC approval by the WMCA Board:-
- Confirmation of £207 million of Government funding allocated by WMCA from its Transforming Cities Fund allocation confirmed in November 2017 following detailed Government scrutiny of the OBC.
 - Confirmation of the procurement strategy for trams to operate the extension and commencement of the Tram Supply Contract procurement process which is at Invitation to Negotiate stage.
 - Completion of Outline Design stage by Midland Metro Alliance (MMA) and completion by them of an updated cost estimate under the Programme Alliance Agreement (PAA), which is subject to ongoing value engineering prior to formal submission to TfWM (due May 2019).
 - The obtaining of detailed estimates of diversionary works to their apparatus by Statutory Undertakers.

- Completion of a detailed Project Implementation Plan by MMA.
- Application in December 2017 for a new TWA Order to secure land required for the scheme by compulsory powers.
- Agreement between Network Rail and WMCA, in order to allow Network Rail to withdraw its objection to the above Order and significant progress in finalising arrangements to transfer the South Staffordshire line to TfWM.
- Agreement with Dudley Council on the design and funding arrangement for constructing a retaining wall between the WBHE and the Very Light Rail National Innovation Centre at Station Drive/Tipton Road, Dudley.
- Completion of a Final Business Case for submission to WMCA.
- Work via VISSIM modelling to confirm that highway measures for Dudley and Merry Hill will operate satisfactorily.
- Continued engagement with stakeholders who are overwhelmingly supportive of the project.
- Clearance of the South Staffordshire corridor and completion of surveys of the route and inspection of all existing structures.

2.10 The Board is recommended to note this satisfactory progress towards delivery of this important project.

2.11 Key Milestones for the delivery of the project are set out below and a summary of the project schedule is provided at table 2.1 below :

Table 2.1: Key Project Milestones

Key Milestone	Delivery Date
Final Business Case submission	11 Feb 19
TWAO Public Inquiry (start)	19 Mar 19
Final Business Case approval	22 Mar 19
Complete value engineering design	29 Mar 19
Detailed design start	01 April 19
TC1 submission	21 May 19
Utilities (Dudley Town Centre)	Q4 2019
Complete delta Junction detailed design	Q4 2019
Order made	Q4 2019
Complete detailed design	Q3 2020
Begin delta junction construction ¹	Q1 2020
TC2 submission	Q1 2021
Begin main construction works	Q3 2020
Complete construction	Q2 2023
Testing & Commissioning	Q3 2023
Safety approvals / Passenger services commence	Q4 2023

¹ Subject to sectional TC2 proposal being approved in accordance with delegated authority.

3.0 Impact on the Delivery of the Strategic Transport Plan

- 3.1 The Wednesbury to Brierley Hill Extension, as set out in this report, is an important element in the expansion of Midland Metro, and in the development of the Strategic Transport Plan’s Metropolitan Rail and Rapid Transit Network.
- 3.2 As part of the arrangements for the transfer of part of the abandoned South Staffordshire rail corridor to Metro an agreement with Network Rail is being negotiated to ensure passive provision is made within the Metro works for future rail service use of the route. Implementation of future rail services will be subject to consultation between Network Rail and WMCA and appropriate powers and funding being secured.
- 3.3 WBHE will enable the Black Country to achieve economic prosperity, attract businesses and increase opportunities for those with smaller incomes; wealth creation and accessibility to surrounding areas is vital. The extension will improve access to the employment opportunities in the wider West Midlands area ensuring those in the deprived areas that surround the line can access the job opportunities in these important and growing employment districts such as Birmingham City Centre.
- 3.4 Furthermore the introduction of WBHE will result in the “unlocking” of local development sites that are dependent on the scheme going ahead. Such development will enable further growth and job creation.
- 3.5 A journey time comparison between the proposed Metro route and existing bus routes servicing Birmingham City Centre shows that with the scheme in place, public transport times will reduce by around 50%, which will significantly improve the potential employment prospects for residents of Sandwell and Dudley.

Stop	Car	Bus	Metro Extension
Great Bridge Tram Stop	25 mins	66 mins	29 mins
Horsley Road Tram Stop	27 mins	71 mins	31 mins
Dudley Port Tram Stop	28 mins	72 mins	33 mins
Sedgley Road East Tram Stop	30 mins	79 mins	35 mins
Birmingham New Road Tram Stop	31 mins	77 mins	37 mins
Tipton Road Tram Stop	30 mins	77 mins	38 mins
Dudley Bus Station Tram Stop	33 mins	65 mins	40 mins
Cinder Bank Tram Stop	30 mins	78 mins	45 mins
Pedmore Road Tram Stop	35 mins	80 mins	46 mins
Waterfront Tram Stop	35 mins	86 mins	48 mins
Merry Hill Tram Stop	40 mins	81 mins	51 mins
Brierley Hill Terminus	40 mins	84 mins	53 mins

4.0 Wider WMCA Implications

- 4.1 This report sets out WBHE as a key part of the Midland Metro extensions programme. This expansion of Midland Metro, as part of an integrated Rail and Rapid Transit Network, will enable better connectivity of key centres and corridors in the Black Country with the wider Combined Authority area through effective interchange with suburban and regional rail services.

- 4.2 Subsequent to the completion of the OBC and to assist the submission to Government independent specialist consultants, Lichfield, were commissioned by Dudley Council in partnership with Sandwell Council, BCLEP and the Black Country Director of Transport to assess and quantify the scale of economic impacts associated with the WBHE. The study which was published in August 2017 considered the overall economic impact of the WBHE as well as direct and indirect benefits to the wider West Midlands economy.
- 4.3 The outputs from the study, which considered the zone within 2km of the WBHE over a period of 25 years, are complementary to the FBC developed by WMCA. The study identified and quantified some of the more tangible economic and local growth-oriented benefits associated with the WBHE, including the benefits associated with the development value that the WBHE unlocks or enhances, and associated outcomes that it supports.
- 4.4 The report of the Lichfield assessment states at paragraph 2.8 that:
"The extension of the Metro through Wednesbury to Brierley Hill provides a game-changing opportunity for the economic, social and environmental regeneration of the area. The location of Metro stations has the potential to facilitate growth and regeneration, including being the focus of higher density development, as well as enhancing connectivity with other public transport modes."
- 4.5 The study confirmed that the WBHE would act as a significant enabler and accelerator of growth in the area, as summarised in the infographic at the front of the report, which compares the "With Metro Extension" and "Without Metro Extension" scenarios. In the "With Metro Extension" scenario, the report predicate the following outcomes assessed across the West Midlands region, when compared with the no scheme picture:
- A 250% increase in the annual delivery of new homes (from 570 to 2000 per annum);
 - A 36% increase in the annual delivery of commercial floor space (from 634, 500m² to 865,900m²);
 - A 29% increase in permanent jobs (from 26,070 to 34,560 over a 25-year appraisal period);
 - Almost double the economic output (from £14.4bn to £28.6bn over a 25-year appraisal period);
 - A 46% increase in council tax receipts (from £396.5m to £580.5m over a 25-year appraisal period); and
 - A 160% increase in business rates (from £121.1m to £318.1m over a 25-year appraisal period).
- 4.6 These figures demonstrate the strength of the economic case for the development of the WBHE and its potential for high impact on the economy of the Black Country.
- 4.7 WMCA/MMA are working with Dudley and Sandwell MBC's to develop an Inclusive Growth programme along the proposed Midland Metro tram stops between Wednesbury and Brierley Hill. The initiative includes delivering information, advice and guidance on the developments planned for WBHE and help to signpost residents to

training for careers in the rail and construction sectors – bearing in mind job opportunities not just within West Midlands Metro but also with HS2, Commonwealth Games, local housebuilders etc across the region.

4.8 Initiatives include the following set out below:

Initiative	Age	Association	Comment
Sector Based Work Academy in Light Rail	18+	Department for Work and Pensions, other funding bodies, local FE Colleges	Offered 50 NEETS/ long term unemployed candidates the opportunity to achieve accredited qualification and gain practical work experience. 26 were hired directly by MMA partners, 14 retained after 6 months and one has entered into a leadership apprenticeship. The initiative won Institute of Civil Engineers Education & Inspiration Award 2018
4 Week Programme	18+	Department for Work, and Pensions, specialist training, Dudley, Wolverhampton and South & City Colleges	4 week training programme offering unemployed candidates the opportunity to achieve accredited qualifications for jobs in the rail and construction sectors.
Connecting Futures in the West Midlands Roadshow	10-29	Local businesses and employers	Six roadshow events, thus far, to address skill shortages across the light rail sector. 40 employers participated and over 2000 young people attended
Liaison with universities and colleges	Young people	Career events at West Midlands Construction UTC, Sandwell Academy, Crestwood School, Dudley College, Wolverhampton College	Aim is to recruitment of young people into the light rail industry
Attend networking events, public speaking, representation on various boards and steering groups	n/a	various	Attend Black Country advisors celebration event, sit on Black Country Talent Match Employer steering group and Women in Rail West Midlands Steering Committee
Apprentice & graduate placement	n/a	Employers	Investment in developing young people
Ex-Offenders	n/a	West Midland Probation Service and appropriate agencies	Identify suitable candidates to work within the light rail industry. Attend construction career events at various HMP locations, 'Mind the Gap',

4.9 As part of the initiative WMCA/MMA are working with Dudley MBC, the Department for Work and Pensions, local providers, schools and colleges as well as the Adult and Community Learning service, Black Country Impact and DY5 to deliver a Skills and Employment pilot in Brierley Hill. When the Metro line is fully operational, people from outside Dudley will then also have easier access to Brierley Hill and local jobs.

5.0 Capital Cost

5.1 The OBC submitted in 2017 contained historic cost estimates based upon updates of the 2005 scheme estimates and the output of the feasibility studies. The estimated capital cost in April 2017 was £402m made up of £343m central estimate of costs plus £59m of optimism bias using figures agreed with DfT in 2005. Subsequently TfWM and MMA have progressed the preliminary design of the scheme with early contractor and operator input which has resulted in an increase in the overall estimate of scheme out-turn costs to £449.5m.

5.2 The following table 5.1 sets out the variance in costs between the 2017 estimate including optimism bias of £402m and 2018 capital costs.

Table 5.1 Capital Cost Variance

Cost Area	Variance £m	Explanation
Programme / Overheads	£4.30	Alliance & Programme running costs over lifecycle of extension scheme reflects actual rather than OBC assumed costs
Survey & Design	£5.10	Increased scope of survey work reflecting actual requirements and structures design costs higher than assumed in OBC
Construction	£40.70	Improved understanding of scope and quantities, ECI, and re-benchmarking of rates to reflect current market norms
Utilities	£5.30	Updated Utilities scope and estimates from 2005 base used in OBC
Inflation	£4.30	Increased inflation risk allowance reflecting overall increase in scheme costs
Land	-£9.60	Reduction in costs to reflect anticipated agreements with Network Rail and Intu
Rolling stock	-£19.90	Reduced number of trams from levels assumed in OBC as a result of timetable simulation modelling
Other Costs	£1.60	Project insurances, driver training, testing & commissioning costs updated to reflect actual rates in Alliance and early Operator Input
Contingency	£15.80	Updated to reflect industry norms and ongoing quantified risk modelling
Total	£47.60	

5.3 The Alliance approach to pricing the project has used the private sector partners' experience in pricing "design and build" construction contracts coupled with a quantified risk analysis rather than optimism bias to determine the overall cost envelope within which the scheme will be delivered. This approach is considered to provide a significantly more robust outcome than the previous methodology.

5.4 The cost estimate also includes an estimate for the provision of 16 trams as required to operate the service.

In preparing the FBC, WMCA has carried out, through the Midland Metro Alliance, a thorough estimate of the costs for implementing the project in order to ensure it provides a comprehensive, robust and reliable basis for the consideration of the Financial and Value for Money (Economic) Cases.

5.5 The current cost estimate is based upon the following:

Table 5.1: Basis of Current Cost Estimate

Cost element	Status
Preparatory Costs	Actual costs incurred to end March 2019.
Programme Management Costs	Forecast costs based upon the Programme Delivery team structure as set out in this Business Case
Utilities	C3/C4 cost estimates from utilities
Metro Infrastructure	Design and construction costs estimated by MMA commercial team based on preliminary design using established construction industry production and cost rates coupled with QRA approach to assessment of price risk.
Risk	Ongoing risk management embedded into the project development proedures
Trams	Market costs based on extensive market soundings and intelligence from declared UK and EU prices/contracts.
Value Engineering	Opportunities to reduce construction costs through value engineering and value management of the project have been identified and are being explored by MMA and TfWM but are excluded from the current estimates

5.6 The WMCA Board is recommended to note that the Final Business Case and the Funding proposal have used the estimated outturn cost for the project of £449.5 million gross of any Value Engineering savings.

6.0 Final Business Case

6.1 A Final Business Case (FBC) for WBHE incorporating updated information contained within the previously approved OBC and the increased project cost set out above will proceed through the WMCA assurance processes, commencing with the Technical Appraisal Panel on 22 February 2019.

6.2 As for the FBC, the OBC has been developed and updated in accordance with the DfT's Transport Business Case and DCLG guidance. The FBC presents key economic outputs contained in the Analysis of Monetised Costs and Benefits (AMCB) table.

6.3 Table 6.1 overleaf presents a full AMCB table which takes account of Land Value Uplift. This is based on the core transport benefits and includes the wider economic impacts generated using the DfT's software and the benefits arising from the metro scheme 'unlocking' development along the corridor. The costs include both operational costs and infrastructure costs.

6.4 In this scenario the scheme has a benefit to cost ratio of **2.03:1**.

Table 6.1: Level 3 Net Present Value and Benefit to Cost Ratio

	£'000 (2010 PRICES)
PVB	250,987
Wider Economic Impacts	119,756
Land Value Uplift	121,141
Adjusted Present Value of Benefits (see notes) (PVB)	491,884
Broad Transport Budget	
• Metro investment costs	-324,722
• Metro operating costs	-142,525
• Metro revenues	227,757
Smarter Choices and Travel Planning Initiatives	-3,317
Present Value of Costs (see notes) (PVC)	242,807
OVERALL IMPACTS	
Net Present Value (NPV)	249,077
Benefit to Cost Ratio (BCR)	2.03

6.5 The above clearly demonstrates that despite the increased capital costs, the WBHE project still demonstrates detailed and convincing evidence of high Value for Money.

7.0 Wider Network Enhancements

7.1 Prior to 2017 the Metro Programme had been developed as a series of individual projects without full consideration of the aggregate effect of delivery of all of the schemes together. Following the formation of the Alliance the West Midlands Metro team has reviewed the overall Metro Investment Program and identified a number of additional activities that will be required as a result of the delivery of the wider programme. The activities summarised below will need to be completed in parallel with the delivery of the Wednesbury to Brierley Hill scheme.

7.1.1 Depot & Stabling. When originally developed in 2003 the additional trams to operate the Wednesbury to Brierley Hill extension were expected to be accommodated through modification of the existing facilities at Potters Lane, Wednesbury. Subsequently between 2012 and 2016 the Birmingham City Centre extension project coupled with the replacement of the 16 original T69 trams with 21 larger Urbos 3 trams has used up the majority of the spare capacity at Wednesbury. The Edgbaston and Birmingham Eastside schemes would also as standalone projects have been capable of having their additional trams (6-9 in total) stored at Wednesbury. In aggregate the Birmingham Eastside, Westside and Brierley Hill schemes require additional stabling facilities for up to 25 3rd Generation Trams as well as modifications at Potters Lane to accommodate mixed fleet operation. A suitable site (designated as a construction compound for the WBH scheme) for a stabling facility has been identified in Sandwell and discussions are ongoing to secure this site through normal planning procedures.

7.1.2 Control and Communications Systems. Since the project was originally proposed in 2003 the original control and communications systems supplied in 1999 and expected to be expanded for use on the WBH scheme have largely become life expired / obsolete and will need to be upgraded and or replaced

both to secure the continued operation of the Line One service and the efficient and reliable operation of a multi route network (with 6 or more services operating over the infrastructure). The upgrade of these systems will include

- High Voltage power system, transformer / rectifiers and safety switching systems
- Analogue radio systems
- Tram detection and control systems
- Passenger information systems

7.2 West Midlands Metro team with the Midland Metro Alliance have produced an initial high level estimate of the costs of progressing these schemes and these are now being developed as projects within the overall Metro Investment Programme. Estimated costs of the programme wide initiatives total £18m.

8.0 Financial Implications

8.1 Costs of the WBHE project have increased as described in Section 5 above, which has resulted in the need for additional local funding to deliver the project's significant economic benefits. At a Benefits Cost ratio of 2.03:1, the scheme still represents "Good" value for money (classified as a Benefit Cost ratio of over 2:1) when assessed in accordance with DfT's Webtag criteria, with potential for additional benefits as outlined in the final business case.

8.2 The scheme is therefore proposed to be funded from devolved Local Transport Growth Deal Funding, together with significant funding from Central government and WMCA Contribution.

8.3 Funding of £250 million from the new Transforming Cities Fund was allocated to WMCA by the Government on 20 November 2017, including the Government funding requested in the Wednesbury to Brierley Hill Business Case. This was confirmed within the second West Midlands Devolution Deal announced on 23 November 2017. The WMCA Board approved the allocation of £207 million of this funding to the WBHE project on 8 December 2017. The Board is asked to reconfirm its commitment of these funds and authorise their drawdown in line with delegated authorities.

8.4 The BCLEP funding of £400k has already been provided and expended on early stage scheme development. The WMCA contribution of £103.0m is funded as part of the HS2 Connectivity Package. This allocation is recorded as a commitment in Appendix 7 of the Financial Monitoring Report to the WMCA Board at its meeting of 9 November 2018. The Board is asked to reconfirm the commitment of the £103m and to authorise the drawdown of these funds in accordance with delegated authorities.

8.5 At the same meeting, a report on the Transforming Cities Fund allocated £10m to the Dudley Interchange project to enable it to be delivered in harmony with the WBHE delivery schedule.

8.6 For WMCA to fully meet the current estimated cost, prudential borrowing will be required to cover any expenditure above the £310m of funding previously identified. The latest work to refine the scheme and the efficiencies to be developed within the

Midland Metro Alliance give a good level of confidence that the project can be delivered within the current funding envelope.

8.7 The original funding package proposed and the cost phasing has been adjusted for the current delivery schedule and funding of the additional costs as shown in Table 8.1 below.

8.8 Further financial implications are included within Appendix C report “Private Financial Implications to be read in conjunction with paragraph 8 of this covering report”. This is a private appendix made available to members of the Board only. Should further clarification of anything within the private appendix be required at the meeting, it will be necessary to exclude members of the public and press from the meeting room in order to discuss these issues further.

Table 8.1: Annual Funding Requirements (£m)

	£m							
	Actuals to date	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	Total
Estimated Capital Cost (QCE)	7.4	13.4	37.1	92.0	105.0	114.4	80.2	449.5
Funded by:								
BCLGF	0.4							0.4
Government funding	7.0	13.4	37.1	65.1	82.5	2.0		207.0
WMCA contribution				26.9	22.5	53.6		103.0
Prudential borrowing						58.9	80.2	139.1
Total	7.0	13.4	37.1	92.0	105.0	114.5	80.2	449.5

8.9 In the event of the scheme costs being below the £449.5m, the WMCA contribution of £103m will be repaid as a priority or not drawn down.

9.0 Next Steps

9.1 The next steps in development of the project are to:

- Complete the Value Engineering exercise and complete the Stage Gate B project assurance activities (Target Cost 1 Project Proposal) [Q2 2019]
- A procurement strategy review in line with consideration of the Target Cost 1 Project Proposal [Q2 2019]
- Production of Sectional Proposals for sub-projects [e.g. minor and major structural works] on the critical path or where early works can de-risk the Programme. [Q2/3 2019]
- Finalise agreement with Network Rail and take ownership of the required sections of the abandoned South Staffordshire corridor [Q2 2019]
- Commence land acquisition by agreement where possible pending the coming into force of the TWAO. [Q2/3 2019]
- Letting of the 3rd Generation Tram supply contract (Q3 2019)
- Continue scheme detailed design development and enabling works in accordance with the Stagegate B to C Project Proposal and Project Implementation Plan.
- Secure planning approval for the 2nd tram stabling site

10.0 Delegations to Officers

10.1 In order to manage business effectively and efficiently WMCA is recommended to delegate its powers in respect of this Programme to the Managing Director, TfWM and Director West Midlands Metro to:

10.1.1 Accept target cost Project Proposals from Midland Metro Alliance for the projects should they fall within the approved Full Business Case prices, and subject to a satisfactory report by the Alliance Auditor;

10.1.2 Subject to costs being contained within the approved funding envelope procure the services of consultants, contractors, legal and financial advisors and others as necessary to undertake further design development work on the WBHE and Wider Network Enhancements Programme in line with any existing agreements and in compliance with internal governance requirements and procurement best practice and in consultation with the Finance Director and Head of Governance where appropriate.

10.1.3 To proceed to deliver WBH for opening to public service in 2023 in line with the approvals granted in respect of this paper.

10.1.4 Proceed to deliver wider network enhancements.

11.0 Legal implications

11.1 Any legal issues are covered within the main body of this report.

12.0 Equalities implications

12.1 The Midland Metro extensions will be designed and constructed in compliance with the requirements of the Disability Act and RVAR subject to statutory oversight by the Office of Road and Rail.

13.0 Inclusive Growth Implications

13.1 Any inclusive growth implication are covered within the main body of this report.

14.0 Geographical Area of Report's Implications

14.1 The subject of this report directly impacts on the Metropolitan Boroughs of Sandwell and Dudley along and in the vicinity of the disused South Staffordshire railway corridor between Wednesbury and Round Oak, north of Merry Hill and on street sections through Dudley town centre, Merry Hill and Brierley Hill town centre.

14.2 The subject of this report has a wider, indirect impact on residents and businesses in Wolverhampton, Walsall and Birmingham through provision of new and enhanced travel opportunities between Metro Line 1 and destinations on the WBH extension as well as through provision of funding for Wider Network Enhancements that benefit the Wolverhampton City Centre, Birmingham (Westside) and Birmingham (Eastside) extensions.

15.0 Other implications

15.1 None.

16.0 Schedule of background papers

16.1 WMCA Board report 30 September 2016 Midland Metro Update.

16.2 WMCA Board report 21 April 2017 Midland Metro Wednesbury to Brierley Hill Extension.

16.3 WMCA Board Report 8 December 2017 Midland Metro Wednesbury to Brierley Hill Extension - Submission of Transport and Works Act Order.

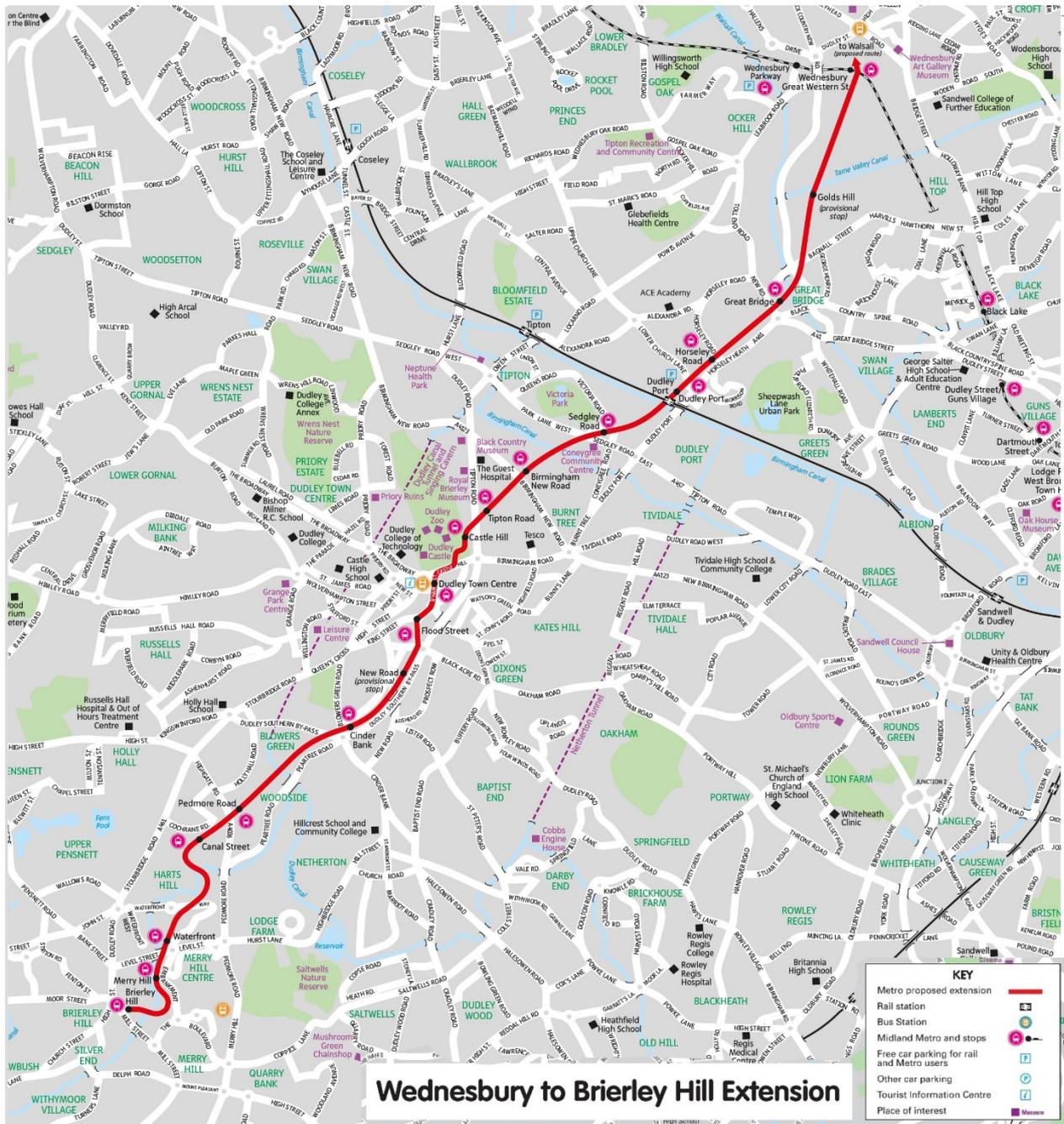
17.0 Appendices

Appendix A WBHE Route Plan

Appendix B Metro Network

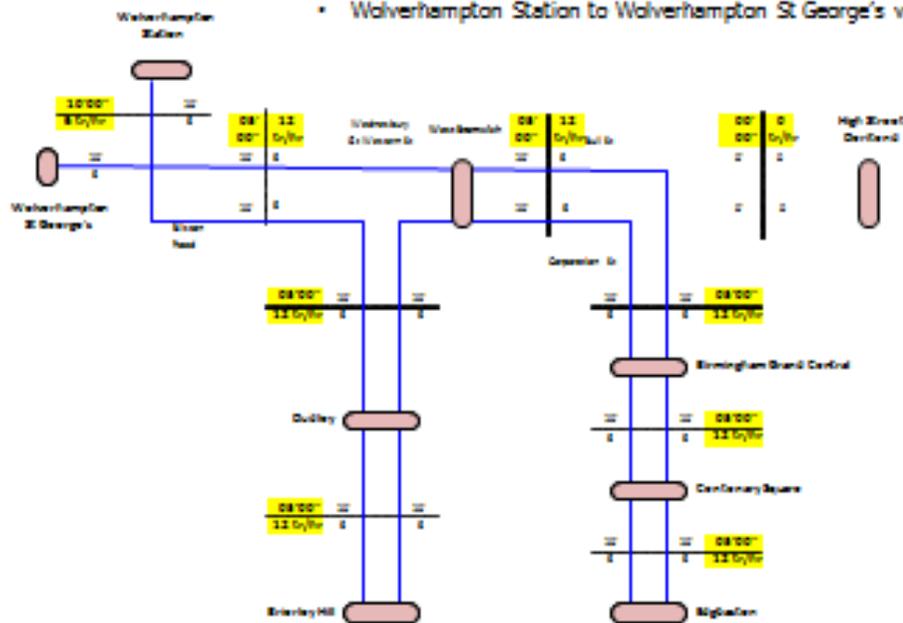
Appendix C Private - Financial Implications

Appendix A – WBHE Route Plan



Appendix B – Metro Network

- WBHE (BH) – December 2023 Phase 5 Brierley Hill
(5 minute frequency)
- Peak Vehicles Required : 38
- 1 Route:
 - Wolverhampton Station to Wolverhampton St George's via Brierley Hill and Edgbaston then return



Average Headways	Train Services / Hour
15'00"	4 tr/h
10'00"	6 tr/h
6'00"	10 tr/h
5'00"	12 tr/h
3'20"	18 tr/h
2'30"	24 tr/h

SERVICE PATTERN ASSUMPTION		
OWNER'S LONG TERM ASPIRATION - 05.11.2017		
1	Wolverhampton St George's	Edgbaston
2	Wolverhampton Station	Brierley Hill
3	Brierley Hill	Edgbaston

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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