



Transport Delivery Committee

Date	11 June 2018
Report title	Midland Metro Wednesbury to Brierley Hill Extension Update
Cabinet Member Portfolio Lead	Councillor Roger Lawrence – Transport
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Report to be/has been considered by	N/A

Recommendation(s) for action or decision:

The Transport Delivery Committee is recommended to:

1. Note the contents of this report.

1.0 Purpose

- 1.1 This report provides an update on progress with the Wednesbury to Brierley Hill Extension.

2.0 Background

- 2.1 In November 2017 Government allocated firm funding of £250 million to WMCA in the second West Midlands Devolution Deal, and on 8 December 2017 the WMCA Board allocated £207 million of this funding to the Wednesbury to Brierley Hill Extension.

2.2 Investment Board approved ongoing design and development work by Midland Metro Alliance to the value of £12 million at its meeting of 26 March 2018. This covered ongoing design and development of the project to Midland Metro Alliance stage gate B and included

- Continuation of current outline design work – section 3
- Management of the statutory processes – section 4
- Preparation of Target Cost 1 (TC1) – section 5
- Development of Final Business Case – section 6

3.0 Continuation of current outline design work

3.1 The MMA project team is continuing to progress outline design in the following disciplines:-

- Alignment and track design
- Traffic Assessment
- Systems design
- Environmental design
- Highway design
- Structures
- Urban Realm design

3.2 In addition to the above the MMA is progressing the detailed design and “C4” estimates from utility companies for advanced diversions in Dudley town centre and at the site of the delta junction structure at Wednesbury, and continue design liaison with other projects such as

- Very Light Rail Centre, Castle Hill
- Dudley Interchange
- Portersfield development
- New stations project

4.0 Management of the Statutory Processes

4.1 This workstream includes all work necessary to secure the refresh of Compulsory Purchase powers associated with the 2005 Order via a new TWA Order. Following completion of the statutory objection period to the TWA Order on 30 January the MMA is managing the ongoing statutory processes, with its own experienced team working in partnership with Parliamentary Agents, Counsel, WMCA legal team and expert witnesses as necessary. The work may include:

- Negotiation with objectors and achieving an agreed settlement via legal agreement or assurances prior to inquiry where possible,
- Preparation of Statement of Case
- Preparation of Proofs of Evidence
- Management of the public inquiry process
- Preparation of rebuttals

- Public Inquiry

4.2 There were 23 objections to the Draft Order and 5 of these have been withdrawn. Good progress has been made with all the remaining 18 objections and negotiations are well progressed. Under the TWA Guidance where the Secretary of State decides to hold an inquiry or hearing - whether because a statutory objector wishes to be heard or because of the nature and extent of objections - written notice of this decision must be given by the Operative Date. This is the date falling 28 days after the expiry date for objections or such later date as the Secretary of State may specify. This period has currently been extended to 30 July to allow time for a negotiations with all objectors to be concluded.

5.0 Preparation of Target Cost 1 (TC1)

5.1 TC1 is the first formal cost estimate provided to the WMCA within the MMA Programme Alliance Agreement and is a contractually committed cost from the Non-Owner Participants (designer and contractor). This requires outline design of the main scheme elements to be completed, and is planned to be available from October 2018. This will provide greater certainty of outturn costs and inform the Final Business Case. The TC1 will be prepared by the MMA commercial team working together with the design and early contractor involvement teams, and reviewed/benchmarked by the Independent Programme Assurance Advisor.

6.0 Development of Final Business Case

6.1 Firm allocation of funding from Government and the commitment in the second Devolution Deal on local assurance allow the project's Final Business Case to be developed earlier than previously planned, and approval sought through the WMCA Assurance process, in parallel to the TWAO process. This will provide further flexibility in the drawdown of local funding.

6.2 MMA will work with Mott MacDonald's PRISM modelling team and Systra to develop the Final Business Case in parallel with the TC1 preparation.

7.0 The Final Business Case will be brought back to the WMCA's Technical Appraisal Panel in accordance with the WMCA Assurance process.

8.0 Risk

8.1 The most significant risk on the project relates to Network Rail, where both a lack of engagement and too onerous a level of engagement could delay the project and increase costs, especially in relation to agreement in relation to the level of passive provision required for future freight use. High level discussions have achieved a good degree of buy in from within Network Rail, and progression of the Heads of Terms relating to the purchase of the corridor by WMCA and a Framework Asset Protection agreement is being progressed.

8.2 Another significant risk relates to the TWAO statutory process and the extent and nature of objections to the proposed land acquisition. This is mitigated through WMCA's experienced TWA team (Team of the Year 2017 at the UK Light Rail Awards), working within MMA together with experienced Parliamentary Agents and Counsel to overcome objectors' concerns prior to Inquiry.

9.0 Financial Implications

- 9.1 Funding of £250 million from the new Transforming Cities Fund was allocated to WMCA by Government on 20 November, including the Government funding requested in the Outline Business Case. The WMCA Board approved the allocation of £207 million of this funding to the WBHE project on 8 December 2017.
- 9.2 On 26 March Investment Board allocated £12m of further development funding to the project, adding to BCLGF £0.4m, £1.6m WMCA contribution approved by Metro programme board in 2016/17 and a further £5.6m approved in 2017/18 from the WMCA contribution through borrowing. (Project total of £19.6m cumulative, of which £19.2m will now be allocated/ recovered from DfT funding)
- 9.3 The main costs headings are summarised in table 2 below, which have been approved by the TAP as part of the OBC business case review.

Table 2 Proposed 2018/19 Funding Requirement

Activity	£m
Outline Design, Programme Management, Owner Costs	10,415
TWAO Processes	425
Business Case	200
Contingency	960
Sub Total for ongoing development	12,000

10.0 Impact on the Delivery of the Strategic Transport Plan

- 10.1 The Wednesbury to Brierley Hill Extension 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.

11.0 Wider WMCA Implications

- 11.1 The WBHE is 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.

12.0 Legal implications

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

13.0 Equalities implications

- 13.1 The Midland Metro extensions will facilitate fully accessible journeys and access to employment, leisure and education, and link to other transport modes (buses and rail services).

14.0 Other implications

14.1 None.

15.0 Schedule of background papers

15.1 WMCA report 30 September 2016 Midland Metro Update.

15.2 WMCA report 21 April 2017 Midland Metro Wednesbury to Brierley Hill Extension

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

15.4 WMCA Investment Board Report 26 March 2018 Midland Metro Wednesbury to Brierley Hill
Extension

16.0 Appendices

16.1 None