

WMCA Board

Date	14 February 2020
Report title	Sprint - A34 Walsall to Birmingham and A45 Birmingham to Airport and Solihull Full Business Case Submission
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Report has been considered by	TfWM Sprint Programme Board, WMCA Technical Appraisal Panel, WMCA Investment Advisory Group, WMCA Investment Board

The WMCA Board is recommended to:

- (1) Approve the Full Business Cases for the Sprint A34 Walsall to Birmingham and Sprint A45 Birmingham to Airport and Solihull, which covers phase one and phase two of delivery.
- (2) Approve the budget for the phase one delivery of £87.8m to include bus priority interventions, signal upgrades, shelter enhancements, ticket machines, utility diversions, and resurfacing.
- (3) Approve the £26m funding allocation within the WMCA Investment Programme which WMCA Board earmarked in November 2019 to fund phase one for Sprint A34 Walsall to Birmingham and Sprint A45 Birmingham to Airport and Solihull Sprint.

- (4) Note that approval by WMCA Board to the £87.8m budget be subject to all necessary funding agreements being signed and sealed; in particular the Department for Transport funding referred to in section 5.6 of this report.
- (5) Agree that subject to £50.3m funding for phase two being identified and allocated:
 - (a) WMCA Board approve, in principle, the delivery of phase two as contained within the Final Business Cases subject to this report.
 - (b) WMCA Board will receive a further report seeking approval to the budget documenting the costs, scope, benefits and confirmed delivery profile for the schemes.
 - (c) A Full Business Case to cover solely the phase two delivery aspects will not be required, subject to the total phase one and two cost, scope and benefits falling within the parameters of the Final Business Cases which are the subject of this report;
- (6) Endorse the submission of the A45 Birmingham to Airport and Solihull Sprint Full Business Case to the Department for Transport, and seek an expedited approval in order to support delivery for 2022.
- (7) Note that as construction and utility costs for the scheme are not yet finalised, the project team will need to flexibly manage the scope of the scheme in order to maintain the overall budget. This will need to be managed in a way that ensures the benefits are not materially affected and appropriate change control processes implemented to manage any changes.
- (8) Approve Delegation of Authority to Officers as set out in Section 6 of this report.
- (9) Approve further development and enabling work, with local authority partners, to deliver a park and ride site near to M6 Junction 7 on the A34 route in advance of the Commonwealth Games alongside phase one.
- (10) Note that the A34 full scheme delivers a Benefit Cost Ratio of 3.23:1, and the A45 full scheme delivers a Benefit Cost Ratio of 2.42:1. The overall level of economic benefit of phase 1 is £201.3m.
- (11) Note that the Sprint service will be operated by zero emission vehicles and the operator(s) will purchase the vehicles.

2. Background

- 2.1 Positive, enduring change is happening in the West Midlands. Transport is at the heart of our collective ambitions for inclusive economic growth and addressing the climate emergency. We see the importance of an effective transport system for the creation of new jobs, economic growth which benefits all, new housing, clean air and improved health in our conurbations. The WMCA and Transport for West Midlands are committed to making the best use of our existing highway network and getting more people on buses as part of an integrated transport system, to meet the challenges of congestion and poor air quality.
- 2.2 The A34 Walsall to Birmingham Sprint scheme is a Bus Rapid Transit proposal enhancing the link between Walsall Town Centre, Perry Barr and Birmingham City Centre, ultimately connecting to the HS2 station at Curzon Street.
- 2.3 The A45 Birmingham to Airport and Solihull Sprint scheme is a Bus Rapid Transit proposal enhancing the link between Birmingham Airport, Solihull, and Birmingham City Centre, serving residents and businesses in Digbeth, Sheldon, and Yardley.
- 2.4 The Sprint service runs on existing roads enhanced by a range of measures to ensure journey time reliability and an enhanced customer experience including new Sprint bus lanes, signal priority at traffic lights, and new improved shelters.
- 2.5 It is intended that the two schemes will operate as a cross city route, with direct services between Birmingham Airport and Walsall, and Solihull and Walsall.
- 2.6 In order to reduce delivery risks it is intended that the routes will be completed over two phases; prior to the Commonwealth Games (CWG) and after the CWG. There is currently funding available for the first phase of delivery, which provides 70% of the infrastructure, and the Board is requested to support the second phase of delivery when further funding is available and allocated. Subject to the phase two funding of £50.3m being identified and allocated, the full scheme will be delivered by 2024.
- 2.7 In November 2019, the WMCA Board endorsed the phased delivery approach of the A34 and A45 Sprint routes through the allocation of £26m phase one funding.
- 2.8 Together the schemes will provide a major uplift in public transport provision on the corridor, linking key residential and employment destinations. The schemes will also support the Birmingham 2022 CWG, by improving access to Alexander Stadium, the Athletes Village at Perry Barr, Birmingham Airport and the NEC. The first phase of delivery will provide all the shelters for the route and the most significant interventions to support bus journey time reliability. This programme of delivery is supported by the emerging Northern Venue Cluster Study.
- 2.9 The schemes are both included within Movement for Growth: The West Midlands Strategic Transport Plan and support the key strategic aims of improving connectivity throughout the region, by improving all public transport trips on the corridors. The schemes will support connectivity to HS2 and were included within the HS2 Growth Strategy for the region. A benefits sensitivity test has shown the schemes would still provide substantial benefits if the delivery of HS2 is delayed or cancelled.

- 2.10 The standard of the full service will align with the Sprint performance and service standards (endorsed by the Integrated Transport Authority in March 2016) which include minimum and target requirements for Sprint operation, vehicles, shelters, fares, priority, intelligent transport systems, branding and environmental credentials.
- 2.11 Transport for West Midlands are undertaking further work to deliver a park and ride site on the A34 Sprint route in advance of the Commonwealth Games. The location will be near to M6 Junction 7, and we are working with local authority colleagues (including planning officers) and landowner(s) to deliver this. Development and enabling work will be funded as part of the wider Sprint programme.
- 2.12 The final scheme designs have been refined with Local Highway Authority Officers to ensure detailed design incorporates feedback received during the public consultation. They are still subject to the necessary final Road Safety Audits and highway approvals.

3. Vehicles and Delivery Agreements

- 3.1 The region's commitment to climate change has escalated since the original scheme proposal, and a Climate Emergency has been declared by the WMCA. As a result, the decision has been taken to use zero emission vehicles for the operation of Sprint. This has increased the delivery timescale risk of the scheme due to additional infrastructure required to support zero emission operation.
- 3.2 The option for the WMCA to part-purchase the vehicles in a grant scheme arrangement (and take on the commercial risk of contracting the service) was discounted in order to reduce the financial risk to the WMCA and remove £12m of cost to the WMCA. Furthermore, a market sounding exercise in 2018 confirmed that the Sprint route could be operated commercially, and an operator has confirmed they are willing to purchase the vehicles with no contribution required from the WMCA. This approach has reduced any ongoing liabilities for the WMCA.
- 3.3 The Enhanced Partnership (EP) will provide the maximum level of protection of the WMCA investment proposed, best using the tools currently available through the Bus Services Act 2017. Approval to develop an EP Plan for the Region and EP Scheme for these corridors was provided by the WMCA in June 2019. The EP Scheme will mandate TfWM to deliver the infrastructure within the Pre-CWG Delivery Strategy by the end of June 2022 and set a target date for delivery of the Post-CWG Delivery Strategy infrastructure by the end of December 2024. The EP Scheme will, in return, mandate bus operators on the corridor to meet certain vehicle standards in the scheme area. The EP affords the West Midlands and Local Highway Authorities more control over the bus network than ever before (vehicle requirements, ticketing, branding, passenger information), whilst operating in a de-regulated market.
- 3.4 For Sprint, the EP will be supported by a Voluntary Partnership Agreement (VPA). The VPA will be used in conjunction with EP Scheme to secure levels of service. The VPA will be developed following the EP Scheme, and will cover frequency, hours of operation and service offer. The VPA can be legally binding between the WMCA and the operator(s), and is expected to include a compensation mechanism in the event infrastructure to support the scheme is not delivered as committed to within the EP.

4. Scheme Benefits

- 4.1 The A34 and A45 Sprint schemes will offer improved connectivity from the Black Country, through Birmingham City Centre, to Solihull and the Airport. The investment provides predictable journey times and high frequency, dependable timetables that will further stimulate growth and encourage the use of sustainable public transport. All other bus services on the Sprint corridor will be able to use the new bus lanes, which will provide benefits to millions more public transport users in the region.
- 4.2 The enhanced shelters will improve passenger safety, comfort and experience. The shelters include CCTV that can be viewed in real time via a virtual private network connection, improving safety at stops and the surrounding area. Improved seating and advanced real time journey information will provide a further uplift for passengers. The change in stop layout and provision of off-board ticketing in key locations reduces the dwell times at stops and helps reduce minimise the delays often experienced with regular bus services. The facility benefits of upgraded shelters add significant value to the economic case and are supported by initial customer feedback on the prototype shelter.
- 4.3 The main economic benefit of the schemes is through the improved journey times and reliability provided from 2022. The annualised patronage of the full A34 service is 4.4 million based on PRISM 5.1 outputs. The dis-benefit from highway congestion has been included in the calculation of the Present Value of Benefits (PVB). The PVB is around £101.58m following the subtraction of highway dis-benefits. The core Benefit Cost Ratio (BCR) of the full scheme is 2.42, and the inclusion of Wider Economic Benefits provides an uplift to 3.23. A high level sensitivity test for the first phase has been undertaken based on journey time difference, which indicates the BCR is 2.78, and the inclusion of Wider Economic Benefits provides an uplift to 3.36.
- 4.4 The annualised patronage of the full A45 service is 4.6 million based on PRISM 5.1 outputs, and the present value of benefits (PVB) is around £103.2 million following the subtraction of highway dis-benefits. The core BCR of the full scheme is 1.72, and the inclusion of Wider Economic Benefits provides an uplift to 2.42. A high level sensitivity test has been undertaken for the first phase based on journey time difference, which indicates the BCR is 1.66, and the inclusion of Wider Economic Benefits provides an uplift to 2.09.
- 4.5 The whole scheme benefits, in particular the Wider Economic Benefits, can only be achieved if both phases of the Sprint scheme are delivered. Upon the approval of the first phase of delivery, the WMCA Board are also supporting the delivery of the second phase of Sprint A34 Walsall to Birmingham and A45 Birmingham to Airport and Solihull Sprint schemes when further funding is available and allocated.
- 4.6 The schemes will deliver:
- An increase in public transport patronage. The patronage forecast and modal shift for Sprint will help reduce highway congestion.
 - Improved journey times and reliability through bus priority interventions, leading to an increase in regional productivity.
 - A range of sustainable transport choices within the corridor to encourage future inclusive growth.

- Over 30 million trips per year on other bus services using parts of the route are expected to benefit from additional bus priority (such as 51, 52, 77, 424, 907, 937, X51, X12, 17, 58, 60, 72, 73, etc). In addition, several school services will also benefit. There is not expected to be any reduction in the overall frequency of services to Walsall, Solihull or the airport.
- Environmental benefits from the use of zero emission vehicles on the Sprint service and low emission vehicles on other services.

The overall impact of the scheme will improve access to sustainable modes, providing enhanced connectivity from residential and industrial development within the corridor.

- 4.7 Engagement will continue throughout the delivery of project to ensure there is awareness of the impact of the scheme and that the benefits continue to be shared.

5 Financial Implications

- 5.1 The costs to deliver the Sprint routes which are the subject of this report have been developed in conjunction with construction contractors as part of an early contractor involvement exercise designed to build expertise and accuracy into the costing process.
- 5.2 As the design and costing process has evolved, anticipated costs have escalated. This has been due to changes to the design as a result of public consultation (including the retention of the majority of parking on the A34 and delays due to redesign), wider stakeholder input, and construction market premiums due to scale of work in the delivery pipeline in the West Midlands. Given the finite nature of funding and project timescales, elements of the scheme have required revisions to scope in order to propose a scheme which delivers the benefits of Sprint within an affordable total sum prior to 2022.
- 5.3 Whilst the current cost breakdowns are based on latest estimates, they continue to be refined through the early contractor involvement stages and are subject to amendment. It should also be noted that in addition to the main construction costs, both Sprint routes contain allowances for Statutory / Utility diversions and as at February 2020, firm estimates for three providers remain outstanding.

The proposed project budget contains 15% contingency based on an assessment of likelihood and impact of specific risks based on a P50 scenario which may be considered to be a robust central estimate.

5.4 The anticipated funding as contained within the case is detailed below:

Available Funding	A34	A45	Total
WMCA - SOC Approved	0.3	0	0.3
WMCA - OBC Approved	7.9	8.1	16
WMCA – Ring-fenced (Subject to WMCA Board Approval)	13.9	12.1	26
Sub-total - WMCA Funding	22.1	20.2	42.3
MHCLG – external source	3.1	0	3.1
Integrated Transport Block	0	0.2	0.2
DfT – external source	0	35	35
Transforming Cities Fund (RTCC workstream)	2	0	2
City Centre Bus Fund	5.2	0	5.2
Other Funding Total	10.3	35.2	45.5
Total Funding	32.4	55.4	87.8

The funding to deliver the routes is mostly sourced from the WMCA Investment Programme, together with a significant contribution from DfT.

- 5.5 As at the date of this report, the only 3rd Party funding for the scheme that is not secure is the DfT contribution and it is recommended that funding agreements are all signed and sealed prior to WMCA entering into contracts to deliver the scheme. In the case of the £35m DfT contribution, this will require approval to an FBC through DfT’s assurance arrangements. WMCA are liaising with DfT to ensure the review complements the schedule that WMCA are working to. There is ongoing engagement with DfT on the approach for reviewing and approving the FBC to release the funds.
- 5.6 The £26m subject to the recommendations within this report is available for use against the A34 and A45 schemes following approval via the WMCA Assurance Framework and is within the agreed affordable limit as agreed by WMCA Board in November 2019.
- 5.7 The revenue costs of the scheme are expected to be accommodated from the existing Transport Levy and will mostly revolve around the maintenance and up-keep of shelters and the provision of passenger information.
- 5.8 With respect to the requirement to flexibly manage the scope of the project as costs are refined, the following dates document the major milestones in relation to developing the financial aspects of the scheme:

Phased scheme construction price confirmed – February 2020
 Utility Diversion prices updated – February 2020
 Department for Transport funding confirmation – March 2020 (TBC)

- 5.9 It should be noted that the budget required for the second phase of the schemes is valued at £50.3m. The importance of the second phase of the scheme has been highlighted by WMCA Investment Board, and the second phase will be delivered following the Commonwealth Games subject to additional funding being identified and allocated. Subject to funding, the full scheme will be delivered by 2024, although there is potential for earlier delivery if funding comes forward sooner. As a region, we have been successful in securing over £300m of devolved transport funding since 2017. In addition, the Local Public Transport Fund will provide £4.2bn to Mayoral Combined Authorities (£1.6bn in new funding) so there is a high degree of confidence that further funding will be secured for the delivery of Phase 2.
- 5.10 The FBC for the full scheme (including Phase 1 and Phase 2) has been endorsed through the WMCA assurance process and as the full scheme BCRs are above 2:1 (outlined in section 4), a new standalone FBC for the second phase will not require WMCA approval when further funding is available and allocated, subject to cost falling within the budget of £50.3m. The existing Full Business Case will be refreshed and resubmitted through the assurance process for approval when further funding is available and allocated.

6. Delegations to Officers

- 6.1 In order to manage business effectively and efficiently the WMCA Board is recommended to delegate its powers in respect of this Programme to the TfWM Managing Director, WMCA Section 151 Officer, and the WMCA Head of Governance to:
- Accept target cost Project Proposals from Morgan Sindall (for construction of phase one of the A34 and A45 Sprint routes) for the projects should they fall within the approved phase one allocation, overall budget, and subject to a satisfactory report by the Quantity Surveyor;
 - Manage the scope of Phase 1 deliverables through the change control process in order to maintain the overall budget and programme vision;
 - Subject to costs being contained within the approved funding envelope, and all third party funding being confirmed, enter into contract for the services of consultants, contractors, legal and financial advisors and others as necessary to undertake delivery work on A34 and A45 Sprint schemes;
 - Enter into Section 8 and Section 278 agreements with Local Highway Authorities, and other legal agreements, in respect of the Sprint deliverables subject to costs being within budget;
 - The purchase of any land required to undertake delivery work on A34 and A45 Sprint schemes subject to costs being within budget;
 - To proceed to deliver phase one of the A34 and A45 Sprint routes by 2022 in line with the approvals granted in respect of this paper;
 - To enter into a Voluntary Partnership Agreement with any operator(s) willing to meet Sprint Standards and formalise any agreements.

7. Legal Implications

- 7.1 Whilst the recommendations themselves do not give rise to any direct legal implications, the deliverables arising in progressing and concluding Phase 1 will require legal support. In particular in regards to entering into a contractor contract(s); as envisaged in section 6 (above). Additionally, section 6 flags the nature of matters that will require legal support.

8. Equalities Implications

- 8.1 No equality implications arising from this report. An Equality Impact Assessment was undertaken in early 2019 that concluded the scheme is likely to have a mainly positive impact. It will increase travel options for residents in the affected wards and improve transport connectivity, journey time and journey reliability.
- 8.2 Public Consultation took place between 22nd August and 5th October 2018. This was advertised via social media channels, letters drops on the route, local authority websites, bus stop posters, and in local media articles. Additional engagement activities took place in areas where concerns were raised.

9. Inclusive Growth Implications

- 9.1 The scheme will support many of the WMCA's growth objectives:
- Economic Growth - businesses will be more confident to invest, remain, locate or start up in vicinity of the Sprint route.
 - Business Competitiveness - businesses will have improved access to labour to enable growth, particularly in central Birmingham. The improved connectivity will provide enhanced access to labour benefitting business.
 - Increased employment rate in target growth sectors - the route serves areas where there are unemployed residents. The scheme will improve access to training and employment, particularly town and city centres where growth is targeted.
 - Social Impact - the new infrastructure will improve bus connectivity and will encourage travel by bus to training and employment opportunities.
 - Health & Wellbeing - the removal of car traffic from the congested highway network through mode shift to bus will improve air quality. Broaden travel choice for residents, reducing barriers to travel and bringing key health and leisure facilities within shorter journey times.
 - Environmental Impact - supporting and promoting greener travel solutions is a key part of the Sprint programme.
- 9.2 The impact of the contents of this report on delivery of the 15 Strategic Transport Plan Policies and/or the development/operation of:
- The National & Regional Tier
 - The Metropolitan Tier: Rail and Rapid Transit Network, Key Route Network, Strategic Cycle Network
 - The Local Tier
 - Smart Mobility Tier
- 9.3 The policies that are supported include:
- Policy 1 - Accommodate increased travel demand by existing transport capacity and new sustainable transport capacity;
 - Policy 2 - Use existing transport capacity more effectively to provide greater reliability and average speed for the movement of people and goods;
 - Policy 3 - Maintain existing transport capacity more effectively to provide greater resilience and greater reliability for the movement of people and goods.

- Policy 4 - Improve connections to new economic development locations to help them flourish, primarily through sustainable transport connections
- Policy 6 - To improve connections to areas of deprivation.
- Policy 8 - To improve connections to new housing development locations to help them flourish, primarily through sustainable transport connections.

10. Geographical Area of Report's Implications

- 10.1 This report considers the A34 Walsall to Birmingham Sprint and A45 Birmingham to Airport and Solihull Sprint schemes which are located within the Metropolitan Area, but will also improve connectivity across the wider WMCA through improved interchange links on a key corridor, including to the HS2 Stations at Curzon and Interchange.

11. Other Implications

- 11.1 No other implications are noted.

12. Schedule of Background Papers

- 12.1 16th March 2016, Sprint Standards Document, Integrated Transport Authority
 17th February 2017, HS2 Connectivity Package Report, WMCA Board
 7th September 2017, Strategic Outline Case, SEP Board
 18th February 2019, Outline Business Case, WMCA Investment Board
 Sprint – A34 Walsall to Birmingham Full Business Case
 Sprint – A45 Birmingham to Airport and Solihull Sprint Full Business Case

13.0 Appendices

Appendix: Sprint – confidential information (agenda item no. 20)