

WMCA Board

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| Date | 15 January 2021 |
| Report title | Perry Barr Railway Station and Bus Interchange - Full Business Case |
| Portfolio Lead | Transport - Councillor Ian Ward |
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| Report has been considered by | PMO Team Transport for West Midlands Leadership Team Decision Making Strategic Transport Officers Group Strategic Leadership Team |

Recommendation(s) for action or decision:

WMCA Board is recommended to:

- (1) Authorise the Full Business Case for Perry Barr Transport Interchange
- (2) Note the critical timescales for the project to secure Full Business Case approval for both the rail station and bus interchange if the project is to be complete in time for the Commonwealth Games.
- (3) Note the estimated cost of £30.98m which is inclusive of the rail station and bus interchange works.
- (4) Note the funding secured for the scheme and the current funding shortfall of £9.5m and the work being done by WMCA to resolve the funding gap.

- (5) Note the cost increase is partly driven by the re-design following initial stakeholder feedback and that the option subject to this report assumes a revised station design which has received initial endorsement from key stakeholders.
- (6) Note that the scope and costs of both the station and the interchange continue to be refined and that the risks to scope and cost uncertainty are mitigated by the inclusion of a project-based contingency.
- (7) Approve the delegation/s of the authorisation of the award of contracts to the principle contractor for the rail station and Delivery Agent for the bus interchange to the WMCA Monitoring Officer and WMCA Finance Director, subject to:
- The funding shortfall for the scheme being addressed;
 - The contract/s being within the approved budget;
 - All funding agreements being signed and sealed to the satisfaction of the WMCA Finance Director and the Monitoring Officer;
 - The future operating costs of the rail station and bus interchange being fully quantified and affordable.
- (8) Approve the delegation/s to the WMCA Monitoring Officer and WMCA Finance Director to enter into the various funding agreements and contracts which would be reasonably required to enable delivery of the station/ bus interchange improvements.

1. Purpose

1.0 As per recommendations.

2. Background

2.0 Perry Barr Railway Station and Bus Interchange is located 3 miles north of Birmingham City Centre. The station was rebuilt in the 1960's and in 2018/19, 694k passenger journeys were made. The Perry Barr Masterplan deems the station not fit for purpose, unattractive and unsafe. It suffers from poor and non-step-free access via a narrow entry between shops and a poor environment. The underpass connecting to the east of the A34 is unattractive and unsafe with 42 recorded crimes in 2018. The bus interchange is dated and inefficient in terms of bus access and for pedestrians who need to cross several traffic lanes.

2.1 Birmingham has been awarded the 2022 Commonwealth Games which will utilise the Alexander Stadium in Perry Barr for the opening and closing ceremonies as well as the athletic events. 765,000 visitors are expected to visit the Commonwealth Games. The events will create significant additional demand for travel through Perry Barr Railway Station and Bus Interchange and, more importantly, after the event the future housing and commercial growth will result from the surrounding developments, serving the long-term needs of Perry Barr residents.



Figure 1: Perry Barr Transport Interchange (Rail Station and Bus Interchange Location)

2.2 West Midlands Combined Authority are seeking to upgrade Perry Barr Railway station and Perry Barr Bus Interchange to accommodate rising capacity forecasts, to improve accessibility and better the quality of the environment. This upgrade will bring major investment and improved public transport opportunities to the communities served, enhancing the quality of rail access to key leisure and employment centres as well as supporting the forecast demand from the Commonwealth Games 2022 and, more importantly, its legacy.

2.3 The Railway Station Scheme proposes:

- a new station building with improved visual status;
- lifts to both station platforms and revised stair access;
- new booking office and station concourse;
- station building incorporating waiting area, ticket sales window, ticket vending machines, staff facilities, accessible toilet, improved Customer Information System (CIS) and updated and extended CCTV.

2.4 Similarly, the Bus Interchange scheme proposes an improved bus interchange including new shelters and a stop for the new Sprint Rapid Transit service.

2.5 The Railway Station has already appointed its delivery contractor, Galliford Try, and WMCA are using Birmingham City Council's Highways team to design and deliver the Bus Interchange scheme.

2.6 Note the delivery programme for both the Rail Station and Bus Interchange is challenging and it is critical that the FBC is heard at WMCA Board in January 2021. This is because:

- Both projects are considered critical for the 2022 Commonwealth Games, because of their location close to Alexander Stadium. Both are within Birmingham's host city contract.
- The Rail Station has planned a temporary cessation of passenger services from March 2021 - March 2022 to allow construction. It is essential that the project awards its 'Stage 2' construction contract to Galliford Try prior to this, which it cannot without FBC approval.
- The Bus Interchange project requires integrating within the wider BCC-led works in the area and WMCA cannot award the construction stage until the FBC has been approved.

3. Financial Implications

3.1 The project costs contained within the FBC which are now inclusive of the Bus Interchange have increased from the OBC estimate of £20.8m to a latest out-turn estimate of £30.98m as documented below:

| | OBC £M | FBC £M | VARIANCE £M | DETAILS |
|---|---------------|---------------|----------------|--|
| Project/Programme Management Support | 3,369 | 4,569 | 1,200 | Revised based off detail resource plan for internal and external PM support, includes BCC fees for Bus Interchange (BI). |
| Surveys and Design | 3,828 | 5,266 | 1,438 | Includes GRIP 2-5 stages for the rail station (various reasons for cost increases including prolongation of design stage) and BI design. |
| Construction | 8,902 | 13,127 | 4,225 | Includes GRIP 6-8 stages for the rail station including changes arising from re-design following feedback from the planning application, other additional scope items (public realm, covered stairwells + others), higher sub-contractor costs based on market feedback and other items. Also includes bus interchange construction costs. |
| Network Rail | 670 | 1,590 | 920 | Revised to include additional resource for Network Rail to provide engineering assurance to maintain delivery programme. |
| Land and Property | 1,501 | 1,290 | (211) | Includes compensation costs to the local authority for the CPO as well as other minor costs. |
| Other | 318 | 847 | 529 | Includes several miscellaneous items such as IT costs, Business Case, Insurance, cessation costs and others. |
| Contingency and Inflation | 2,212 | 4,291 | 2,079 | Rail Station contingency is based on a QRA including risks such as COVID-19; Bus Interchange contains a 40% contingency due to stage of scheme. |
| Total Estimated Cost (Inc Interchange) | 20,800 | 30,980 | 10,180 | |
| Funding To Date (See below) | 14,200 | 21,436 | | |
| Funding to be Secured | 6,600 | 9,544 | | |

3.2 As detailed above, the FBC now covers the works to both the Interchange and the Station with Interchange costs of £3.26m and funding of £2.28m factored into the numbers above; thereby contributing £0.98m to the overall £9.5m funding deficit.

3.3 Furthermore, factored into the costs above are estimates for the revised design solution which remain subject to planning approval by Birmingham City Council. The revisions required to the station aesthetic followed work throughout the summer to value engineer the scheme within the budget available, but following initial feedback, a revised design option has been established.

3.4 This report seeks to obtain approval for a revised scheme at the enhanced cost following the initial stakeholder discussions and feedback detailed above. The revised scheme has received initial endorsement from stakeholders and is planned to be considered at Birmingham City Council Planning Committee on 21st January 2021.

3.5 It should be noted that the final design and construction costs for both the Station and Interchange continue to be refined and WMCA have sought to off-set the risk of cost and scope uncertainty through the inclusion of project-based contingency of £4.3m.

3.6 It should be noted that despite the increase in the latest budget, the Value for Money / Benefit Cost Ratio remains high for the project, at above 2:1 (note the VfM/BCR may experience some small fluctuations throughout the project lifecycle, but will remain above 2:1)

3.7 The funding secured for the scheme is summarised below, including the GBS LEP contribution which is subject to the finalisation of the funding agreement:

| | Funding Secured £M |
|--------------------------|--------------------------|
| MHCLG (Station) | 13.600 |
| MHCLG (Interchange) | 0.600 |
| Birmingham City Council | 5.083 |
| GBS LEP | 1.600 |
| WMCA | 0.518 |
| Network Rail | 0.035 |
| Total Funding | 21.436 |
| Estimated Cost | 30.980 |
| Funding Shortfall | 9.544 |

3.8 As detailed above, there remains a funding gap of £9.5m to complete the scheme and no contracts will be let to commence the completion of the scheme until the funding package for the project is secure and adequate to meet the anticipated costs.

3.9 WMCA are working hard to address the funding deficit and are in negotiations with key stakeholders about regionally available resources and support for the scheme. In addition to this, WMCA are looking closely at the recent spending review announcements to determine the possibilities and continue to engage with central government although the key risk on this scheme remains the completion deadline for the Commonwealth Games

3.10 It should be noted that WMCA are acting as the delivery agency for this scheme and works to date have been funded via grants. If WMCA were unable to successfully close the funding gap and the scheme was terminated, further work would need to be done to understand the extent to which sunk costs to date (up to £9.4m by WMCA Board in January 2021) would need to be returned. As such, there is likely to be a termination cost associated with the scheme in the event of a worst-case scenario. To confirm, there are no financial resources available within WMCA to enable completion of the scheme.

3.11 Prior to the letting of contracts to complete the scheme, WMCA will need to ensure that any future operating costs falling to the Authority can be accommodated. Work is ongoing to establish the precise ongoing cost and funding arrangements for this. Included in this work will be specific areas of the bus interchange where negotiations are ongoing with Birmingham City Council as to the ownership and maintenance responsibilities arising from the tarmaced area.

4. Legal Implications

- 4.0 Part 3 of the West Midlands Combined Authority Order 2016 conferred powers to the Authority relating to public transport functions for the constituent authorities to the Combined Authority. TfWM is the executive body of the CA responsible for carrying out its transport related functions and to implement policies and strategies. TfWM is the body responsible for co-ordinating and promoting the use of public transport.
- 4.1 Section 113A(1)(a) of the Local Democracy, Economic Development and Construction Act 2009 gives the Authority a power of competence appropriate for the purposes of carrying-out any of its functions. This includes enhancements to the transport network and delivery of new transport infrastructure
- 4.2 The Perry Barr scheme is backed by a Compulsory Purchase Order promoted by Birmingham City Council that identifies land that needs to be acquired to enable the construction of the new station. Some of the land acquired will be used as a construction compound, whilst the works to the north of the station are to be undertaken near to the One Stop Shopping Centre. WMCA are currently working with Birmingham City Council on licences to
- 4.3 Arrangements will be put in place between WMCA and Network Rail to provide asset protection for the railway while WMCA carries out the works. Similarly, the project is securing licences from Birmingham City Council to undertake work on their land.

5. Equalities Implications

- 5.0 Diversity Impact Assessments have been undertaken by the project which identify and address key equality issues and their mitigating measures. This project provides a positive impact on accessibility at Perry Barr Railway station, notably with the installation of passenger lifts and providing a fully accessible entrance (both are which are not currently present).

6. Inclusive Growth Implications

- 6.0 Economic Growth – This is a key site within around several thousand new dwellings planned within the 1.2km radius walk/cycle catchment of the station) – furthering economic growth and purchasing power.
- 6.1 Business Competitiveness – There is a need to enhance productivity and respond to local growth priorities in line with the NPPF (2018). The growing density of employment and other activity surrounding Perry Barr Railway station provides the grounds for this condition. The station improvements will increase utilisation of the station and in turn improve the productivity of businesses near the station.
- 6.2.1 Increased employment rate in target growth sectors – There employment effects directly attributable to the scheme during construction and overcoming barriers to use of the station will encourage more use of rail to the major employment centre - Birmingham
- 6.3 Infrastructure - The project will deliver a major improvement to the quality of the transport system in an area where brownfield sites are identified for redevelopment and intensification.

- 6.4 Accessibility - The Birmingham Retail Strategy seeks to improve connectivity and grow this important commercial zone - the improvement of Perry Barr Railway Station and Bus Interchange supports this.
- 6.5 Health & Wellbeing - The provision of the new station building will lead to increased rail demand. The new trips will mostly walk and cycle from their origins and walk to/from their destination station (principally Birmingham New Street). This will improve the health of those choosing to use rail and lead to physical activity benefits.
- 6.6 Employment & Skills - To improve skills levels of all ages so that people have the skills and qualifications to access jobs – Ignite (children and young people) / Retune (employability) / Accelerate (Skills for the future labour market)
- 6.7 Fiscal Impact - Additional revenue associated with demand growth partly offset by the loss of retail rental income to Network Rail associated with the loss of existing units on the station bridge and the additional operating and maintenance costs expected to be incurred by the Station Facility Owner (SFO) (currently West Midlands Trains).
- 6.8 Environmental impact – Encouraging rail and bus use will reduce car use and emissions. The new station building will be more energy efficient than the existing as well.

7. Geographical Area of Report's Implications

- 7.0 Figure 1 (above) shows the position of Perry Barr Railway Station in relation to other significant locations in the locality. Redevelopment of the station is key to supporting these areas redevelopment.
- 7.1 The station serves the One Stop Shopping Centre which has the third highest comparison goods turnover in the city (behind Birmingham and Sutton Coldfield), at £102.9 million per annum. The site is within the top 19% of UK retail locations and has few vacant shops in contrast to other local centres. To the south of the station is the local commercial centre around the Birchfield Road / Wellington Road junction. The narrow pavement past the station severs the two retail centres and is currently an impediment to movement. The Birmingham Retail Strategy seeks to improve connectivity and grow this important commercial zone.

8. Other Implications

None.

9. Schedule of Background Papers

- 9.0 WMCA Perry Barr FBC – Final – Private.