



West Midlands
Combined Authority

WMCA Board

Date	12 February 2021
Report title	Dudley Interchange - Full Business Case Submission
Portfolio Lead	Transport - Councillor Ian Ward
Accountable Chief Executive	Laura Shoaf, Managing Director, Transport for West Midlands email: laura.shoaf@tfwm.org.uk tel: (0121) 214 7444
Accountable Employee	Sandeep Shingadia, Director of Development and Delivery, Transport for West Midlands email: sandeep.shingadia@tfwm.org.uk tel: (0121) 214 7169
Report has been considered by	WMCA Senior Leadership Team TfWM Leadership Board Strategic Transport Officers Group WMCA Investment Panel WMCA Programme Board

Recommendations for action or decision:

WMCA Board is recommended:

- (1) To approve the Full Business Case for Dudley Interchange.
- (2) To approve the budget and funding for delivery of £24.1m to include the bus and metro interchange, utility diversions and highway works.
- (3) To endorse the revisions to the allocations of Transforming Cities Funding (TCF) as agreed by West Midlands Strategic Transport Officers Group as detailed within the Financial Implications to this report.
- (4) To note the capital and land contributions valued at £3.5m from Dudley Metropolitan Borough Council towards the delivery of the scheme.

- (5) To note that as construction and utility scope for the scheme are not yet finalised, the project team will need to flexibly manage 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.
- (6) To approve Delegation of Authority to Officers as set out in Section 6 of this report.
- (7) To note that Dudley Interchange has a Benefit to Cost Ratio classification of medium. The overall level of economic benefit is £33m.
- (8) To note the interface with the Wednesbury to Brierley Hill Metro Extension (WBHE) construction programme.
- (9) To note that no contracts will be let until all funding is secured, signed and sealed and confidence to be able to accommodate any future revenue costs falling to WMCA is to the satisfaction of WMCA Finance Director and WMCA Monitoring Officer.

1. Purpose

- 1.1 To approve the Full Business Case for the Dudley Interchange project.

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 Dudley Interchange proposes to deliver a world class multi modal interchange for Dudley, part of a fully integrated transport system, that acts as a catalyst to the redevelopment of the town centre and supports inclusive and sustained growth that will improve the lives of millions of people.
- 2.3 The Interchange will link seamlessly to the new Metro extension, providing a key link between the existing town centre and the new developments. Dudley Interchange remains a Black Country priority given the dependencies with the delivery of the Wednesbury to Brierley Hill Metro Extension and its role as a catalyst for wider regeneration of Dudley Town Centre. The design of the interchange building will also allow interchange with proposed Sprint services with the Sprint stop placed adjacent to the interchange building.
- 2.4 The project involves the provision of the highway link (St Joseph's Street Link) to provide access into the interchange from the local highway network.
- 2.5 The Dudley Interchange project must be considered in the context of Dudley Metropolitan Borough Council's (DMBC) and WMCA's aspirations for the regeneration of Dudley Town Centre. Dudley is in the midst of an exciting new chapter in its history, with work on a £1bn programme of investment for the borough gathering pace. The new Dudley Interchange will be an integral part of this.
- 2.6 Around £600m of this investment is earmarked for Dudley Town Centre and the Castle Hill area, with a number of major regeneration projects coming forward over the next three to five years; and with several of these major projects already on site and progressing on programme. These projects include:
 - The £450m Wednesbury to Brierley Hill Metro extension
 - The recently approved investment of £6m by WMCA in highway roads infrastructure adjacent to the Interchange which will open up access to the Portersfield sites
 - The Portersfield development which is a proposed £82m mixed-use regeneration scheme located to the east of Dudley Bus Station, which comprises 12 acres of retail, entertainment, student and residential accommodation on the former Cavendish House site – the demolition of which was funded by WMCA
 - The new £31m Dudley Leisure Centre

- The £28m Very Light Rail National Innovation Centre
- The £26.8m Black Country and Marches Institute of Technology
- Improvements to both Dudley Zoo and the Black Country Living Museum

- 2.7 The Interchange Project will also compliment Dudley Council and Dudley Towns Fund Board's submission to Government for the next phase of development for the Castle Hill Vision, which includes a new university centre to expand the Town's learning quarter, improved public open spaces and improvements to the physical link from Castle Hill to the Town Centre.
- 2.8 The funding provided to Dudley MBC from the WMCA Land Fund enables the Portersfield Development and adds a vital highway route for the new interchange. These highway works have been designed to allow delivery as one project thereby providing economies of scale. This funding demonstrates the alignment of Land fund and transport investment to support wider inclusive growth objectives.
- 2.9 The new proposals introduce a considerably more comfortable waiting environment with the latest real time information provision. Interchange between different modes will be safe and seamless. There is also the provision for retail facilities within the new Interchange building, which will further enhance the passenger experience.
- 2.10 The scheme provides a specific area for cycle parking that will be superior to the existing facilities. With improved facilities, the scheme also links and supports the initiative set out in the WMCA Strategic Economic Plan, and the Government in response to the Covid-19 pandemic, to create a modal shift from car to cycling and public transport.
- 2.11 The Dudley Interchange scheme is substantially developed with a robust design (to RIBA Stage 3) and costing. The funding package set out in Section 6 will allow the programme to proceed with the procurement of a design and build contractor. Start of works is programmed to be late 2021.
- 2.12 Timely commencement of construction by late 2021 is vital in ensuring minimal disruption to bus services as a result of the Wednesbury to Brierley Hill Metro extension, which has already commenced and will render the current bus station layout inoperable. Delivery of Dudley Interchange is key in ensuring that current public transport provision is maintained at the busiest bus station in the West Midlands in terms of users.
- 2.13 The scheme is included within Movement for Growth: Through delivery of a world class public transport interchange and public realm improvements, the development of the proposed Dudley Interchange fully aligns with the wider strategic aspirations for transport, and with other transport schemes in the West Midlands; notably the Metro extension, Sprint and the arrival of High Speed 2.
- 2.14 The strategic planning document for the Black County is the Black Country Core Strategy (2011), which sets out the long-term spatial vision for the area between 2011 and 2026, with three major directions for change, including sustainable communities, environmental transformation and economic prosperity.

2.15 Both concept and developed designs have been completed for the scheme. Planning Permission was secured on 5th March 2019 for the construction of a new public transport interchange and associated soft and hard landscaping works on the site of the existing bus station.

3. Scheme Benefits

3.1 The key direct outcome from the scheme relates to the regional economy, where the improved facility must ensure that transport connectivity between Dudley Town Centre and the wider West Midlands region is maintained with the arrival of Sprint and the Metro. This will ensure that there is no loss of investment or potential business activity as a result of substantial redevelopments in the local area and wider region.

3.2 The Dudley Interchange will introduce a significant improvement to the public realm in the vicinity of the new facility and improve the connectivity between the town centre and the bus station for active modes. Although not quantified, it is reasonable to expect that there will be a small uplift in the numbers of pedestrian journeys as a result of the scheme due to the environment being more pleasant and accommodating to active modes. This may also have secondary positive impacts on health and wellbeing.

3.3 The implementation of environmental technologies will help to stimulate new technology in Dudley Town Centre and the wider West Midlands region. Investment in active travel infrastructure as part of the proposed public realm improvements may attract businesses with a sustainable and green focus, stimulating further investment and new technology to be established in Dudley and the wider West Midlands vicinity.

3.4 Improvements to active travel infrastructure at the proposed Dudley Interchange is anticipated to result in a modal shift with more people travelling by public transport from private cars. In turn, this will result in a positive environment impact with lower levels of car usage reducing the overall amount of emissions in the area.

3.5 Businesses will be more confident to invest, remain, locate or start up in the region if they have confidence in the transport infrastructure. Also, the viability of local housing sites may increase as a result of the improvement Dudley Interchange will provide to the public realm in this part of the town centre. As such, the successful delivery of the Dudley Interchange project will support the delivery of this wider economic objectives.

3.6 The infrastructure provided by the scheme will directly improve the connectivity of journeys in Dudley Town Centre when compared to the Do Minimum scenario where the current bus station will cease to exist. This is also for those crossing it, for private vehicles, those using the new Metro and Sprint routes and those travelling by active modes. The environment for walking and cycling will also be improved as a result of the scheme and act as a means to access employment to stimulate economic activity.

3.7 Investment in infrastructure will support Dudley as an area to contribute to reducing the unemployment by providing jobseekers with an efficient, safer and more reliable transport network as well as expanding the labour market for employers. There will also be job creation in the construction industry associated with the building of the Interchange. It is likely that many of these workers will be local to the Dudley area.

3.8 The scheme will deliver:

- Job creation and economic development by improving accessibility to Dudley Town Centre and other key employment sites
- Increased use of active modes
- Enhanced public realm
- Cater for the increased transport demand enabling further economic development
- Improved air quality
- An increased viability of town centre development sites due to improvement in interchange and surrounding public realm

3.9 The overall impact of the scheme will be a significantly improved and best in class bus station facility over a long-term period, which in turn supports numerous economic development initiatives for Dudley Town Centre and the wider West Midlands region.

3.10 The work on the quantified economic benefits, conducted in line with Department for Transport's Transport Analysis Guidance (TAG), for Dudley Interchange shows a value for money classification of medium. The project generates an overall benefit of £33,084,179 over the appraisal period.

3.11 Engagement will continue throughout the delivery of project to ensure there is awareness of the impact of the scheme to ensure that benefits are maximised.

4. Deliverability

4.1 A design and build contractor will be appointed to deliver the scheme. Market costing has been undertaken at both RIBA 2 and RIBA 3 stages by Atkins Faithful & Gould to provide robust budgets. Procurement have been consulted throughout with a procurement strategy well developed.

4.2 There will be a design and build tender process to secure the single delivery contractor. Preferred form of contract is NEC3 Option A Design and Build. The procurement process will be led by the WMCA procurement team supported by the Project Manager and RIBA 3 Consultant.

4.3 There is regular engagement with the bus operating companies that use Dudley Bus Station (primarily National Express) to engage with them and share the design progress to gain their comment and endorsement. These meetings have also included the temporary arrangements on Tower Street that will be implemented during the construction phase and as agreed with Dudley MBC Highways team.

4.4 The Dudley Interchange project will adhere to the WMCA Programme and Project Risk Management Strategy. All information captured on risks that were identified are held on a central risk register and will be kept updated by the Project Manager. This provides a record of all risks including their status and history. Responsibility for reviewing the risk register sits with the established Project Board. It is a live document and therefore is subject to change.

5. Financial Implications

5.1 The anticipated cost of the scheme is £24.1m and is made up as follows

Item	£m
Programme management costs, Design Development, Surveys Physical Construction	13.3
DMBC Highways	3.6
Contingency and Inflation	3.7
TOTAL WMCA	20.6
Dudley MBC direct and land contribution	3.5
Grand Total	24.1

5.2 As detailed within the recommendations, the project scope is yet to be frozen and as such, the estimated costs at this point continue to mature. The budget contains £3.7m within contingency partly to mitigate against the potential for cost escalation as the details become clear.

5.3 The funding for the scheme is largely provided from Transforming Cities Fund with £10m provided from the original allocation and a further £7.4m redistributed from the Birchley Island scheme, following the identification of options to fund the latter from DfT. Stakeholder agreement to the TCF change was obtained from the West Midlands Strategic Transport Officers Group in January 2021. The reallocation was prompted by the requirement for TCF schemes to be able to evidence an element of delivery by 2023 and is summarised as follows:

- £7.4m from Birchley Island to Dudley Interchange.
- £1.0m from the TCF funding earmarked to support schemes on the Major Road Network to Birchley Island, subject to DfT MRN funding approval

5.4 As detailed above, WMCA will continue to provide £1m of grant funding into the Birchley Island scheme to ensure the funding package for the scheme. This is consistent with the budget request into the DfT for Major Road Network funding. The DfT have confirmed Programme Entry for the scheme within the Major Road Network programme as outlined in a letter to WMCA dated 1st February 2021. As part of this approval, the DfT will provide a maximum capped funding of £24.4m towards the Birchley Island scheme on approval of the Full Business Case.

5.5 Under this funding proposal, WMCA also intend to provide £3.2m of Integrated Transport Block into the scheme. This funding source remains a risk as DfT are still to confirm the precise funding allocations for capital block grants into the region. Should this not be received as expected, the funding package will need to be revisited.

5.6 A further £3.5m funding towards the scheme is being provided by Dudley MBC with the terms of that funding to be agreed between the Authorities but it is expected that any risk associated with any overspend relating to this element of the works is borne by Dudley MBC.

5.7 A summary of the funding package is detailed below:

Funding Source	Responsible Organisation		TOTAL £m
	WMCA £m	Dudley MBC £m	
Transforming Cities Fund	17.4		17.4
Integrated Transport Block	3.2		3.2
Dudley MBC contribution		3.5	3.5
Total	20.6	3.5	24.1

5.8 It is recommended that no major works contracts are entered into until the full funding package is secured to the satisfaction of the WMCA Finance Director.

5.9 In addition, prior to letting of contracts to complete the scheme, WMCA will need to ensure that any future revenue costs falling to the Authority can be accommodated. It is expected that the revenue costs will be accommodated within the existing maintenance budget for Dudley Bus Station. This will need to be captured as part of the annual business planning process.

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 proposals for the project should they fall within the approved overall budget and subject to a satisfactory report by the Quantity Surveyor;
- Manage the scope of the project 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 for Dudley Interchange and associated highway works;
- Enter into Section 8 and Section 278 agreements with Local Highway Authorities, and other legal agreements, in respect of the Dudley Interchange deliverables subject to costs being within budget.

7. Legal Implications

7.1 Section 113A(1)(a) of the Local Democracy, Economic Development and Construction Act 2009 gives WMCA a power of competence appropriate for the purposes of carrying-out any of its functions.

7.2 Part 3, Paragraph 7(2)(a) of The West Midlands Combined Authority Order 2016 (2016 No 653) confers that the functions relating to transport functions in the constituent area are exercisable by the CA. Transport for West Midlands is an executive body of the WMCA.

7.3 TfWM are the delivery body for the Dudley Interchange scheme and will have direct control over scheme delivery. Legal services have provided support through the development of the scheme and will continue to provide support as and when the needs arise.

8. Equalities Implications

8.1 An equality impact assessment has been conducted in relation to Dudley interchange and disability groups were engaged at design stage. Equality and accessibility input and engagement will continue throughout detailed design and construction.

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 new interchange.
- Business Competitiveness - businesses will have improved access to labour to enable growth. The improved connectivity will provide enhanced access to labour benefitting business.
- Increased employment rate in target growth sectors – improved accessibility 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 and metro 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 WM2041.

10. Impact on Delivery of Strategic Transport Plan

10.1 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

10.2 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.

11. Geographical Area of Report's Implications

- 11.1 The report deals with a scheme to be funded through the Transforming Cities Fund which is located within the Metropolitan Borough of Dudley. This project acts as major transport hub and with the wider connectivity to the Wednesbury to Brierley Hill Metro Extension, it will serve to improve connectivity across the Black Country and wider WMCA area on key corridors.

12. Other Implications

- 12.1 No other implications are noted.

13. Schedule of Background Papers

- 13.1 Dudley Interchange Outline Business Case
Dudley Interchange Full Business Case

14.0 Appendices

- 14.1 Appendix 1: Private Paper – Detailed Financial Considerations