

Investment Board

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| Date | 21 March 2022 |
| Report title | Metro – Depot expansion Business Case for CRSTS |
| Portfolio Lead | Councillor Ian Ward – Transport |
| Accountable Chief Executive | Anne Shaw, Managing Director - Transport for West Midlands Email: anne.shaw@tfwm.org.uk |
| Accountable Employee | Michael Anderson, Metro Projects Director – Transport of West Midlands Email: Michael.anderson@tfwm.org.uk |
| Report has been considered by | Investment Panel. (Investment Board, 21 March 2022 – Post WMCA Board). |

Recommendation(s) for action or decision:

Investment Board is recommended to:

- (1) Note the requirement for the Depot investment to enable the expansion of the West Midlands Metro network and approve the Full Business Case for the project.
- (2) Approve a total budget of £43.35m (including a CRSTS contribution of £37.35m) to deliver the Depot expansion, subject to:
 - WMCA securing Government approval towards the regional CRSTS funding settlement together with appropriate terms and conditions; subject to a separate report at this meeting.
 - Endorsement of the Final Business Case by WMCA Investment Board
- (3) To note the intention to instruct Midland Metro Alliance to deliver this scheme, being the preferred delivery partner.
- (4) To note that the Full Business Case for the project will be considered by Investment Board on 21 March 2022 which is required to fully address the assurance obligations of the investment, noting that any material matters arising from that review will be referred back to WMCA Board in June 2022.
- (5) Authorise the WMCA Monitoring Officer and WMCA Director of Finance so that they can jointly agree for WMCA to enter in to any such contracts which may be reasonably required to allow for the project to be delivered.

1. Purpose

The purpose of this report is to present the Full Business Case for the West Midlands Metro depot expansion scheme. This scheme is one of the named schemes in the WMCA City Region Sustainable Transport Settlement (CRSTS) application, also subject to approval at this meeting and subsequent Department for Transport for approval. This business case is being considered by the Board concurrently due to the timescales required for delivery of the project to support the opening of current extensions of the West Midlands Metro under construction.

2 Background

- 2.1. West Midlands Metro is delivering four extensions to the existing line: Westside, Wolverhampton City Centre, Wednesbury to Brierley Hill, and Eastside. For the extensions, we are doubling the fleet of Urbos trams from 21 to 42, with an option for four additional trams.
- 2.2. Initial work undertaken to look at options for new or enhanced depot facilities has concluded that the current Wednesbury Depot is the preferred option, and this was agreed at Metro Programme Board. This is required to cater for the additional requirements for stabling and maintenance of a double-sized fleet and to provide sufficient accommodation for additional staff (drivers, revenue protection, engineers, management, etc.)
- 2.3. Although a submission was made for LUF funding, this was not successful, and the scheme, therefore, featured in the Programme Level Business Case for CRSTS approved by WMCA Board in January 2022.

3.0

Scheme development

- 3.1 The depot expansion is one of three Metro projects included in the WMCA CRSTS submission. The traction power case is subject to a separate Full Business Case paper for approval at this meeting.
- 3.2 In March 2019 WMCA approved £18m of network enhancements funded from prudential borrowing which included £6m for a tram stabling expansion project. This was based on an early assessment and prior to finalising the overall project scope. The secured budget to date has been utilised to develop the scheme through to RIBA 4 Design plus some early delivery work which allowed for the reception of the first 8 trams.
- 3.3 Other options for storing the trams have been fully explored but do not provide a viable option for the full fleet. While there is a short-term opportunity of using sites such as Dudley VLR for storing a small number of trams, this would not remove the need to start the full depot upgrade immediately to be ready for the delivery of 15 trams through 2023, so it is now urgent to start delivery of this expansion.
- 3.4 Following the preliminary design works, the cost estimate required for the upgrade of the Metro Line 1 depot is now projected to be £43.4m. This follows several rounds of scope and cost reduction.

4 Depot Selection & Scope

- 4.1 Eagle Lane was originally identified as the preferred option for the new depot site, however, concept design work identified in 2019 that the initial budget would only cover the demolition of the existing structures and land remediation. Further work concluded that Eagle Lane was not a viable option. All other non-Wednesbury locations previously rejected were also re-visited but also assessed as unviable.
- 4.2 Following this, external consultants were engaged to assess the option to expand the existing Wednesbury option. This was deemed as being viable but significantly increased the funding requirement. These additional costs relate to the need to reconfigure the existing stabling tracks to allow the addition of new stabling, building adjustments and construction work in an operating depot.
- 4.3 Due to the lead times associated with securing this additional funding, swift delivery of this project is now critical for the arrival of the new trams. WMCA has contracted the design from external consultants for the full scope, and this work is almost complete to RIBA Stage 4 (Detailed Design). The cost assessment has been informed by ECI (Early Contractor Involvement) work during the detailed design phase, including providing a construction approach and commenting on the constructability of the design.
- 4.4 The over-arching scope for the depot enhancements is as follows:
- Expand the stabling within the depot to enable it to accommodate 46 trams.
 - Improve the maintenance facilities so that the depot can service 46 trams, with future proofing to maintain up to 69 trams should it remain the only maintenance facility on the network if future extensions are undertaken (e.g. East Birmingham to Solihull Metro Extension).
 - Deliver adequate staff accommodation within the main building onsite, which is the Operations Maintenance Centre (OMC) including office space, locker rooms, welfare facilities and training rooms and provision of basic fixtures and fittings for these areas (e.g., desks and chairs).
 - Provide car parking to accommodate expected future staff numbers.

5 Financial Implications

- 5.1 In March 2019, the WMCA Board approved £18m for wider network enhancements from which £6m was included for Depot and Stabling works to accommodate the increase in the fleet of trams to support the wider tram network extension.
- 5.2 The current cost estimate for the Depot is based on the RIBA 3 stage which is prior to completion of detail design. The results of this are summarised in the table below:

| Cost Type (£000's) | 2020/21 | 2021/22 | 2022/23 | 2023/24 | Total |
|---------------------------|----------------|----------------|----------------|----------------|---------------|
| Design Costs | 2,056 | 1,296 | 428 | 465 | 4,245 |
| Construction Costs | - | 723 | 13,617 | 21,439 | 35,779 |
| Sundry Costs | 800 | 549 | 1,306 | 674 | 3,329 |
| Total Costs | 2,856 | 2,568 | 15,351 | 22,578 | 43,353 |

- 5.3 Whilst the construction costs have been calculated at RIBA 3 (i.e. prior to a detailed design (RIBA 4)) a 20% contingency has been included within the construction and sundry costs (excluding sunk costs) in the table above. The cost estimate is based on 2020/21 rates with the application of the BCIS All-in tenders index (Dec 21). Funding for the Depot works have been summarised in the below table:

| Funding (£000's) | 2020/21 | 2021/22 | 2022/23 | 2023/24 | Total |
|--|----------------|----------------|----------------|----------------|---------------|
| Prudential Borrowing (Approved March 19) | 2,856 | 2,568 | 576 | - | 6,000 |
| CRTS Funding Requirement | - | - | 14,775 | 22,578 | 37,353 |
| Total funding | 2,856 | 2,568 | 15,351 | 22,578 | 43,353 |

- 5.4 Whilst the above outlines the funding requirements against the phasing of the costs for the Depot works, the commitment of funding will be required in early 2022/23 at the contract award stage.
- 5.5 The operating costs of the project will be met by Midland Metro Limited and incorporated into the operations and maintenance contract arrangements which exist between WMCA and Midland Metro Limited.

6. Legal Implications

- 6.1 There are no legal implications arising in regard to the endorsement for approval set out in (1) (see above) of this report as the works are being carried out by the MMA, under the Programme Alliance Agreement and the Head of Procurement has advised on the procurement for the scheme. If there are any contracts required legal advice should be sought. Legal support is being provided by the WMCA in regard to the deliverables arising in regard to the FBC.
- 6.2 There are small packages of land to be procured between the existing depot and the Delta junction for the WBHE route. Agreements with landowners are being pursued to meet the requirements of the expansion.
- 6.3 Planning permission has already been granted by Sandwell Council for the proposed expansion.

7. Equalities Implications

- 7.1 No equality implications arising from this report. The scheme is likely to have a mainly positive impact through the impact of the extensions providing better connectivity, journey frequency and reliability.

8. Inclusive Growth Implications

- 8.1 The Inclusive Growth implications have not changed since the original Full Business Case was approved by WMCA Board.

9. Geographical Area of Report's Implications

9.1 This work is all within the Wednesbury Depot location. The impact of what is delivered will be for the full Metro network and neighbouring districts as each extension opens.

10. Schedule of Background Papers

10.1 West Midlands Metro – Wednesbury Depot Expansion – Full Business Case - private