



**WEST MIDLANDS**  
COMBINED AUTHORITY

## Board Meeting

**Date:** 30 September 2016

**Report Title:** Midland Metro Update

**Cabinet Member  
Portfolio Lead:** Cllr Roger Lawrence - Transport

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**Report to be/  
has been considered by:** Strategic Transport Officers' Group,  
WMCA Programme Board,  
Cllr Worrall, Chair. Transport Delivery  
Committee  
Cllr Horton, Lead Member Rail & Metro

### Recommendation(s) for action or decision:

#### The Combined Authority Board is recommended to:

- i. Note the progress being made on delivering the Metro extensions programme and note the schedule of upcoming approval submissions as set out in this report; including
  - a. The Wednesbury to Brierley Hill extension will be the first 'Devolution Deal' scheme to be completed, as a Transport and Works Act Order (TWAO) which was initially obtained in 2005.
- ii. Delegate authority to TfWM to negotiate commercial settlements for land acquisition to facilitate the earliest completion of the Wednesbury to Brerley Hill Scheme. This would negate the need for a supplementary TWAO.

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- iii. Task officers to ensure the initial outline business case information is submitted to Government, for both extensions (Wednesbury to Brierley Hill and East Birmingham to Solihull), to bid for project development contributions in the upcoming Autumn Statement.
- iv. Note the timetable for business case development and submission to Government for all schemes as set out in Appendix 1, specifically as there are interdependencies between the Metro and other key priorities such as the Black Country Enterprise Zone application for Brierley Hill.

### **1.0 Purpose**

- 1.1 To provide an update on the Midland Metro network expansion programme and, within the ongoing programme of business case submissions to Government, to seek approval to submit an Initial Outline Business Case for the East Birmingham to Solihull Tramway to Government.

### **2.0 Impact on the Strategic Transport Plan**

- 2.1 Expansion of Midland Metro, as set out in this report, is an important element in the development of the Strategic Transport Plan's Metropolitan Rail and Rapid Transit Network.

### **3.0 Wider WMCA Transport Implications**

- 3.1 The report sets out 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 Birmingham/Solihull and the Black Country with the wider Combined Authority area through effective interchange with suburban and regional rail services.

### **4.0 Background**

- 4.1 The creation of the WMCA has significantly enhanced the momentum towards an expanded Midland Metro network, which lies at the heart of the Strategic Transport Plan "Movement for Growth". On the network the early results following the opening of the extension to Grand Central on 30 May 2016 are showing an increase in patronage of 30% which is in line with business case forecasts.
- 4.2 This report seeks to update the WMCA on progress across the programme, beginning with those projects where Transport and Works Act Order (TWAO) powers are in place, through those with powers obtained this year, where construction is the next stage, and to those where TWAO powers need to be obtained. A schematic plan illustrating the extensions programme is shown in Figure 1 on page 4 of this report.
- 4.3 This report indicates to WMCA when further approval submissions are planned to be made. The submissions will enable the momentum towards delivery to be maintained, supporting the submission of business cases to Government appropriate to the stage of delivery.

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4.4 The application for powers to construct an extension is a significant milestone for the Birmingham Eastside Extension project, and a separate report to this meeting seeks approval to submit a TWAO application for that project. This submission is a key deliverable to Government in the WMCA's HS2 Growth Strategy Implementation Plan.

4.5 This report therefore covers the following:

Scheme Progress updates

Section 4 Wednesbury to Brierley Hill Extension

Section 5 Centenary Square/Edgbaston Extensions

Section 6 Wolverhampton City Centre Extensions

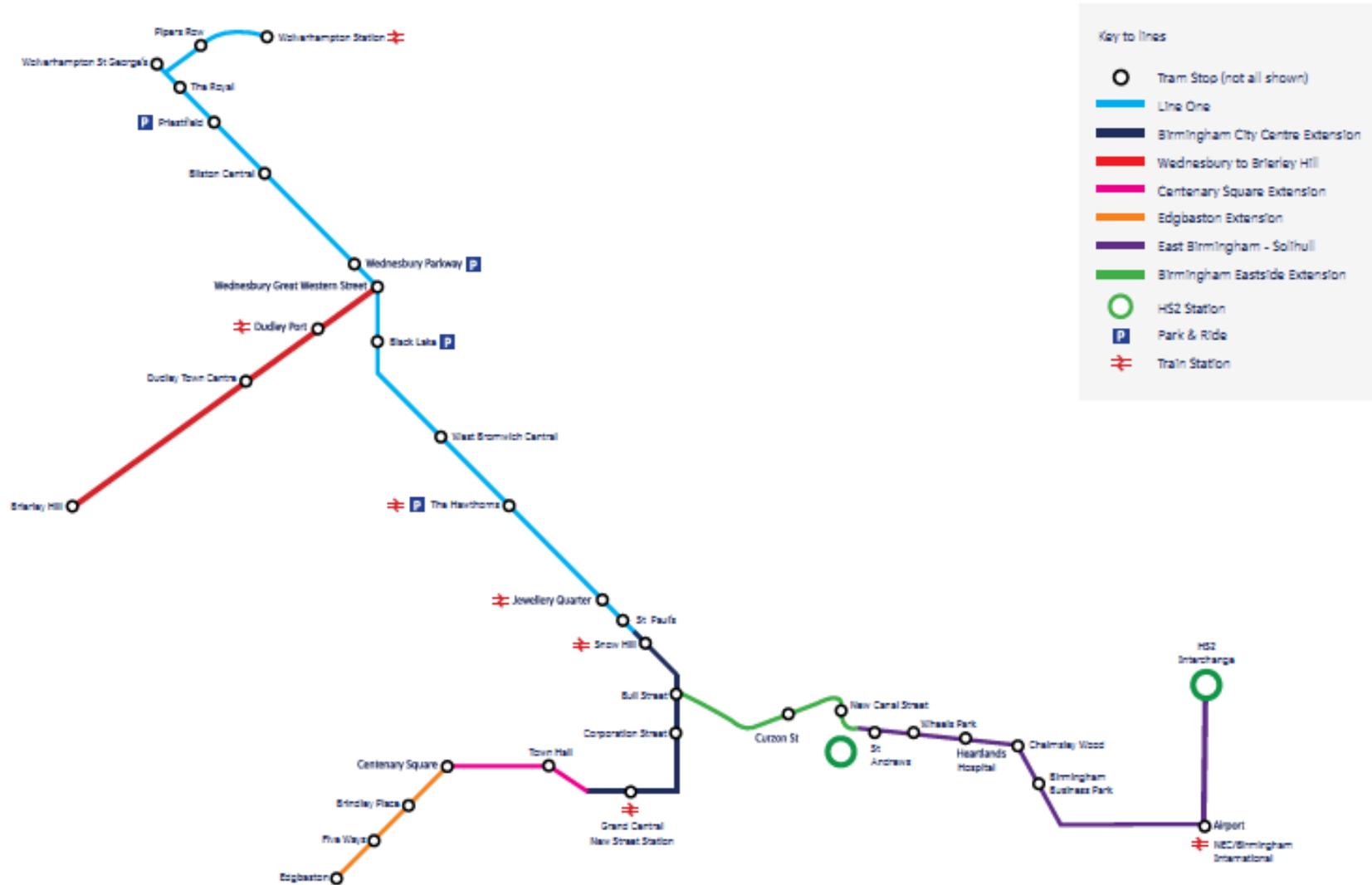
Potential Permissions and Approvals to enable development

Section 7 East Birmingham to Solihull Tramway (approval to submit for Initial Outline Business Case to Government)

4.6 For ease of reference a "plan on a page" showing the timescales for delivery of the programme is attached at Appendix 1. The Midland Metro Alliance is currently reviewing the delivery dates and these will be updated in subsequent reports.

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Figure 1 Metro Delivery Programme



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**5.0 Wednesbury to Brierley Hill Extension**

- 5.1 The Midland Metro (Wednesbury to Brierley Hill and Miscellaneous Amendments) Order (SI2005/927) was made in 2005. However, a further TWAO may be required to provide fresh compulsory powers over the proposed route (including statutory authorisation for any part of the line outside the original 2005 Order limits, supported by environmental assessment) in the event that commercial settlement for the acquisition of the necessary land cannot reasonably be achieved. The existing planning permission remains extant, due to the undertaking of works in Dudley Town centre in 2009, subject to any variation needed to reflect any change in alignment.
- 4.2 The 11km extension will run from Line 1 at Wednesbury via Dudley town centre and Waterfront/Merry Hill to Brierley Hill; 7km of the route utilises the abandoned South Staffs Railway corridor. A plan of the route is shown overleaf at Figure 2.
- 4.3 In November 2015 the Government announced the West Midlands Combined Authority Devolution Deal which confirmed its support for the work of the West Midlands Combined Authority Shadow Board to develop a delivery plan, encompassing the Metro extensions from Curzon to Interchange and from Brierley Hill, in order to realise the full benefits of HS2.
- 4.4 Work is now underway to refresh the previous engineering work on this project to take into account changes since the 2005 Order was made, to prepare an updated cost estimate taking account of these changes and opportunities to value engineer the project, and to prepare a Business Case to support the case for the investment.
- 4.5 This scheme obtained Programme Entry from the then DETR prior to the submission of the TWAO. The then good business case is expected to be enhanced by the impact of HS2, the Brierley Hill Enterprise Zone and the potential for significant additional growth in the corridor under WMCA.
- 4.6 The disused rail corridor requires very extensive site clearance and remediation, which must be sensitively carried out at the right time of year to avoid environmental constraints. Development work is currently being undertaken to develop a plan for delivery of the scheme, including options for seeking early land acquisition, advanced structural remedial work, early site clearance where appropriate and early utility diversions to enable delivery as soon as possible.
- 4.7 Transport planning work is under way using the West Midlands' strategic transport model PRISM to quantify the benefits to support the business case.

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- 4.8 DCLG are keen to ensure that Central Government includes the project funding contribution set out in the Devolution Deal within its firm future spending plans, to be drawn down subject to obtaining the necessary TWAO powers and demonstrating value for money in a Final Business Case. DCLG have indicated that they would welcome such a submission to put before Treasury, and officers are working to ensure the appropriate information is made available.
  
- 4.9 The development work above will be carried out using the approved WMCA budget of £1.2m allocated for the current financial year, plus £0.4m allocated by the Association of Black Country Authorities (“ABCA”), and a report is planned to be brought before the WMCA in March 2017 seeking approval to progress the early delivery works in 2017/18 and submit an Outline Business Case to Government, if possible seeking Full Approval for the project, releasing the Government funding allocated for delivery. As may be seen from Appendix 1, this would mean the WBHE project would be the first “Devo Deal” scheme to be completed.

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Figure 2 Wednesbury to Brierley Hill Route Plan



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**6.0 Centenary Square/Edgbaston Extensions**

- 6.1 The Midland Metro (Birmingham City Centre, etc.) Order (SI2005/1794) was made in 2005 and implemented in 2010. The first section of route authorised by the 2005 Order, between St Paul's and Stephenson Street was opened to passengers in May 2016.
- 6.2 The remaining two extensions to complete delivery of the TWAO powers are planned to be combined to secure efficiencies in delivery, subject to funding approvals for the Edgbaston Extension.
- 6.3 For the section to Centenary Square £23.5m of Local Transport Board and Enterprise Zone funding is in place from GBSLEP to deliver the next stage of the works authorised by the 2005 Order, from Stephenson Street to Centenary Square. This will provide stops at the Paradise Circus and Arena Central developments.
- 6.4 In order to vary the route from that which had powers under the 2005 Order and to better integrate the tramway within the highway layout for the Paradise Circus development an additional Order was sought. This was the subject of a local Public Inquiry between November 2014 and January 2015 and the Order (SI2016/545) has been obtained and has come into force. Advance utilities diversions, undertaken utilising the 2005 Order powers commenced in January 2015 and are planned to be completed shortly.



Figure 3 Photomontage of tram at Edgbaston terminus

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- 6.5 In the Growth Deal announcement on 7 July 2014 the Government allocated provisional funding of £59.8m to GBSLEP to extend Metro from Centenary Square along Broad Street to Hagley Road, Edgbaston, just to the west of Five Ways. This will enable the use of the full extent of the powers granted in the works authorised by the 2005 BCCE Order, by 2020/21.
- 6.6 The Midland Metro Alliance is currently developing a Target Price for the combined Centenary Square and Edgbaston schemes, with a view to starting work on the Centenary Square elements commencing in 2017.
- 6.7 Although funding allocated via the 2014 Growth Deal was devolved to GBSLEP, major projects costing more than £20m have been held by DfT as part of a national portfolio of major local schemes. DfT holds the final approval on funding release once DfT officials, Treasury officials and Ministers are satisfied with the relevant Business Cases, albeit the strategic choice to invest should remain with the local LEPs.
- 6.8 The Outline Business Case has been completed in draft and demonstrates high value for money with a Benefit to Cost Ratio of over 2:1. However DfT is unlikely to give approval to the projects until both a firm cost is confirmed through the Midland Metro Alliance contract and the necessary land at the Edgbaston terminus has been acquired.
- 6.9 It is proposed to submit a report to WMCA by the end of the year seeking endorsement of the Final Business Case prior to submission to Government and approval of the commencement of works on the Centenary Square elements in 2017 (and Edgbaston subject to final DfT approval). TfWM has been working with DfT on the draft business case and in particular the transport modelling elements of the case. It is therefore hoped that the Government approval process can be kept to the minimum possible to obtain DfT, Treasury and Ministerial sign off of the funding.

**7.0 Wolverhampton City Centre Extension**

- 7.1 This extension will run from Midland Metro Line 1 on Bilston Street along Piper's Row and Railway Drive with new stops at the Bus and Railway stations.
- 7.2 As part of the Wolverhampton Interchange Project funding is in place from the BCLEP and the WMITA approved the principles of the remainder of the funding package at its meeting of 18 November 2015.
- 7.3 A local public inquiry into the required TWAO was held on 9 June 2015; no objections remained outstanding on the day of the Inquiry, consequently the Midland Metro (Wolverhampton City Centre Extension) Order (SI2016/684) was granted in June 2016 and has now come into force. This has enabled advance utility diversion works to

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start on site in Piper's Row in August, with the opening of the tramway planned for 2019

- 7.4 The Midland Metro Alliance is currently reviewing the TWAO design for any value engineering opportunities and will then develop a firm Target Price for the main works construction. This is planned to be reported to WMCA for approval and authority to commence the main site works in March 2017.

#### **8.0 East Birmingham to Solihull Tramway**

- 8.1 In November 2015 the Government announced the West Midlands Combined Authority Devolution Deal which confirmed its support for the work of the West Midlands Combined Authority Shadow Board to develop a delivery plan, encompassing this Metro extensions from Curzon to Interchange and from Brierley Hill, in order to realise the full benefits of HS2.

- 8.2 The extension of the Midland Metro from Digbeth to east Birmingham-Solihull will play a key role in delivering the full potential for growth and jobs of HS2 and provide transformational benefits to areas with a persistent and high incidence of multiple deprivation by giving people access to jobs and services, linked to the Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP) training and skills agenda.

- 8.3 The 16km extension will link growing residential areas and key community destinations such as Heartlands Hospital with existing and new growth areas including Curzon HS2, Birmingham City Centre office and retail districts, Paradise Circus/Arena Central developments and Brindleyplace/Five Ways/Edgbaston to the west, and the NEC/Airport UK Central and HS2 Interchange Station to the east.

- 8.4 Initial work on this project has focussed on high-level engineering studies to develop an indicative route with which to test the viability of the project through development of an Initial Outline Business Case (IOBC). This work has been carried out in partnership with Birmingham City and Solihull Councils and the IOBC demonstrates a good value for money case exists for the project.

#### **Strategic Case**

- 8.5 There is a strong strategic case for this extension. It links East Birmingham and North Solihull to Central Birmingham and the UK Central Hub, and passes through some of the most deprived communities in the country. Challenges such as high unemployment, poor workforce skills and poor connectivity to emerging economic opportunities have hampered recent regeneration efforts, and contribute towards social isolation and limited life chances.

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- 8.6 East Birmingham and North Solihull, however, have a unique opportunity in the coming years to transform their prospects, and become truly integrated into the success of the wider West Midlands economy. Both East Birmingham and North Solihull are especially well-placed to take advantage of this growth, located between the two key economic hubs of Birmingham City Centre and UK Central Hub, which are expected to gain hundreds of thousands of new jobs over the coming decades. Two new High Speed 2 stations are expected to open in 2026 at Curzon Street and Birmingham Interchange, acting as key catalysts for further growth and new development at the fringes of East Birmingham and North Solihull.
- 8.7 Capitalising on this potential, however, requires a sustained effort to address the factors that are limiting growth, as highlighted within the East Birmingham Prospectus for Growth. Poor transport accessibility is identified as a key challenge, constraining growth and regeneration efforts. Improved transport accessibility will tackle the isolation of workers from opportunities at the economic hubs of Birmingham City Centre and UK Central Hub, which currently contribute to the high unemployment levels along the scheme corridor. Chelmsley Wood will benefit from an additional 22,000 jobs within a 30-minute public transport journey time, maximising the ability for local people to find work and enter the labour market.

**Economic Case**

- 8.8 A proportionate approach has been taken for the assessment reflecting the scheme's current early stage of development. An economic appraisal has been undertaken, where the monetised costs and benefits of the scheme have been compared and the benefit-cost ratio calculated. The social, environmental and distributional impacts have been assessed qualitatively, with each categorised as to whether the impacts are beneficial, neutral or adverse.
- 8.9 DfT's modelling and appraisal guidance, as set out in WebTAG, has been applied for the approach, though given the nature of the scheme and the objectives developed for it assumptions have sought to capture the intended transformative nature and implications for change from HS2 related investment.
- 8.10 The overall scheme benefits have been assessed and a DfT Webtag compliant analysis has been undertaken, showing the following economic benefits:-
- Present Value of Benefits £455.7m (PV, 2010)
  - Present Value of Costs £281.7m (PV, 2010)
  - Net Present Value £174.1m (PV, 2010)
  - Benefit:Cost Ratio 1.6:1

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- 8.11 As well as the normal Webtag analysis it is important to consider the wider economic benefits. Closer proximity between businesses also boosts productivity, since firms benefit from being nearer to one another, sharing ideas and knowledge, and having a greater pool of potential workers from which to recruit. Within key high-value, high-skill sectors, employer skill requirements are often highly specific, and hence improvements to accessibility maximise the ability for firms to find workers that best suit their requirements. Thanks to the connectivity delivered by the scheme, more than 298,000 extra people will be within a 45-minute commute of the rapidly emerging business cluster at UK Central Hub.
- 8.12 Agglomeration benefits associated with the Solihull Extension could also generate an additional 15% - 20% of transport user benefits, equivalent to between £85 and £110 million of productivity benefits. Adding the £85m & £110m to the PVB (£455.7m) would increase the Benefit:Cost ratio to around 1.9:1 to 2.0:1. Not only does the Solihull Extension contribute towards bringing firms together, the productivity benefits this generates improves the attractiveness of the area as a whole to invest in. Businesses gain a competitive advantage, attracting investment and jobs, and further supporting the ambitious development plans for Birmingham Eastside and UK Central Hub.
- 8.13 Businesses will also benefit from the unrivalled strategic connectivity the East Birmingham to Solihull Tramway will deliver, linking the UK Central Hub site together for the first time, and offering exemplary connectivity onto the HS2 network. Combined with High Speed 2, this scheme will place central London within 55 minutes of the Birmingham Business Park by public transport.
- 8.14 These benefits will be enhanced by the earlier delivery of the Wednesbury to Brierley Hill Extension, providing prior links to Black Country housing and employment sites.

**Costs**

- 8.15 This project is at a very early stage of development and therefore only a high-level cost estimate has been prepared to support the economic appraisal. At this stage it is appropriate to consider the highest levels of "Optimism Bias" in appraisal and for definition of the funding envelope. The current estimated costs are:-

Estimated Outturn Cost	£508m
Optimism Bias (50%)	£227m
Maximum Outturn Cost	£735m

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**Funding**

- 8.16 The Devolution Deal and HS2 Growth Strategy Implementation Plan identified this scheme as a high priority and earmarked £675m for it within the £8bn package of investment. Whilst the maximum cost outlined above exceeds this figure, further work to refine the scheme and the efficiencies to be developed within the Midland Metro Alliance give a good level of confidence that the project can be delivered within the originally identified funding envelope.
- 8.17 DCLG has requested that information be provided to support their discussions with Treasury over formally reserving funding for the two “Devo Deal” Metro projects, with a view to a potential announcement in the Autumn Statement.

**Programme**

- 8.18 The scheme is at a very early stage in its development and is expected to take a minimum of 9 years to deliver, subject to the necessary statutory processes. However this means that it could be delivered just prior to the opening of HS2, although there is no room for delay if this is to be achieved. Whether or not funding for the project can be “earmarked” by Treasury, it is imperative that development work on the route is continued if the programme is to be maintained.

**Next Steps**

- 8.19 The next steps will be to:-
- Work with DCLG to ensure that Central Government includes the project funding contribution set out in the Devolution Deal within its firm future spending plans, to be drawn down subject to obtaining the necessary TWAO powers and demonstrating value for money in a Final Business Case. DCLG have indicated that they would welcome such a submission to put before Treasury.
  - Proceed with project development with the aim of submission of a TWAO application in 2018, working with local communities and partners to clarify and optimise the route through appropriate engagement and consultation, supported by appropriate engineering design and environmental work procured through the Midland Metro Alliance. This work will initially be carried out using the approved WMCA budget of £1.5m allocated for the current financial year.
- 8.20 WMCA is recommended to approve the submission of the Initial Outline Business Case to Government to enable HM Treasury to “ earmark” the necessary future Government funding already agreed for this project within the HS2 Growth Strategy Implementation Plan and West Midlands Devolution Deal.

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**9.0 Legal Comments**

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

**10.0 Equalities Implications**

10.1 The extensions of Midland Metro will facilitate fully accessible journeys and access to employment, leisure and education, and link to other transport modes.

**11.0 Schedule of background papers**

11.1 Report to WMITA 27 January 2016 Metro Programme