



WMCA Investment Board Meeting

Date	27 February 2017
Report title	Midland Metro – Centenary Square / Edgbaston (Five Ways) Extensions
Accountable Chief Executive	Laura Shoaf, Managing Director, TfWM 01212147444 laurashoaf@wmita.org.uk
Accountable Employee	Phil Hewitt Metro Programme Director 0121 214 7254 philhewitt@centro.org.uk
Report considered by	STOG, Investment Advisory Group (Business Case by TAP)
Report to be considered by	WMCA Board

Recommendation(s) for action or decision:

The WMCA Investment Board is recommended to approve this report for submission to WMCA on 03 March seeking to:-

1. approve the acceptance of TC1 Project Proposals from Midland Metro Alliance that would deliver the Centenary Square Extension at a total outturn cost of £61.8m and the Edgbaston (Five Ways) Extension for a total outturn price of £87.4m,
2. approve the submission by the WMCA to the Secretary of State for Transport of an application for The Midland Metro (Birmingham City Centre Extension, etc.) (Edgbaston Extension Land Acquisition) Order (“the Order”) and the associated commitment of £59.0m of WMCA funding to the scheme

3. Approve the submission of a Full Business Case to the Department for Transport
4. Approve expenditure at risk of up to £15.5m and drawdown of £8.7m of WMCA funding for the continuation of project development, utility diversion and early enabling works prior to the approval of the Business Case by DfT and;
5. approve the delegation of powers from the WMCA to the Metro Programme Director and the Corporate Services Director to:-
 - a. accept TC2 Project Proposals from Midland Metro Alliance for the projects provided they deliver the Centenary Square and Edgbaston (Five Ways) extension projects within the approved TC1 Project Proposal outturn costs, and subject to a satisfactory report by the Alliance Auditor;
 - b. finalise the various application documents for the Order;
 - c. progress negotiations with any affected parties or objectors to the Order with the aim of avoiding, or securing the withdrawal of, any objections to the Order;
 - d. Comply and deal with any public local inquiry processes and procedures arising or resulting from the submission of the application for the Order;
 - e. Progress negotiations with any landowners and leaseholders and make necessary arrangements to acquire the land within the proposed Order, conditional on the basis the Order will be made; and
 - f. Place orders to appoint the Midland Metro Alliance, other consultants, legal advisors and others as necessary to undertake further design development work on the scheme and support the ongoing statutory process, in line with any existing agreements and in compliance with internal governance requirements and procurement best practice and in consultation with Head of Governance where appropriate.
6. Approve the delegation of powers from the WMCA to the Head of Governance or her nominated representative to negotiate, agree, enter into, execute and serve (where appropriate) all relevant legal agreements, notices and other documentation necessary to facilitate and underpin the Order.

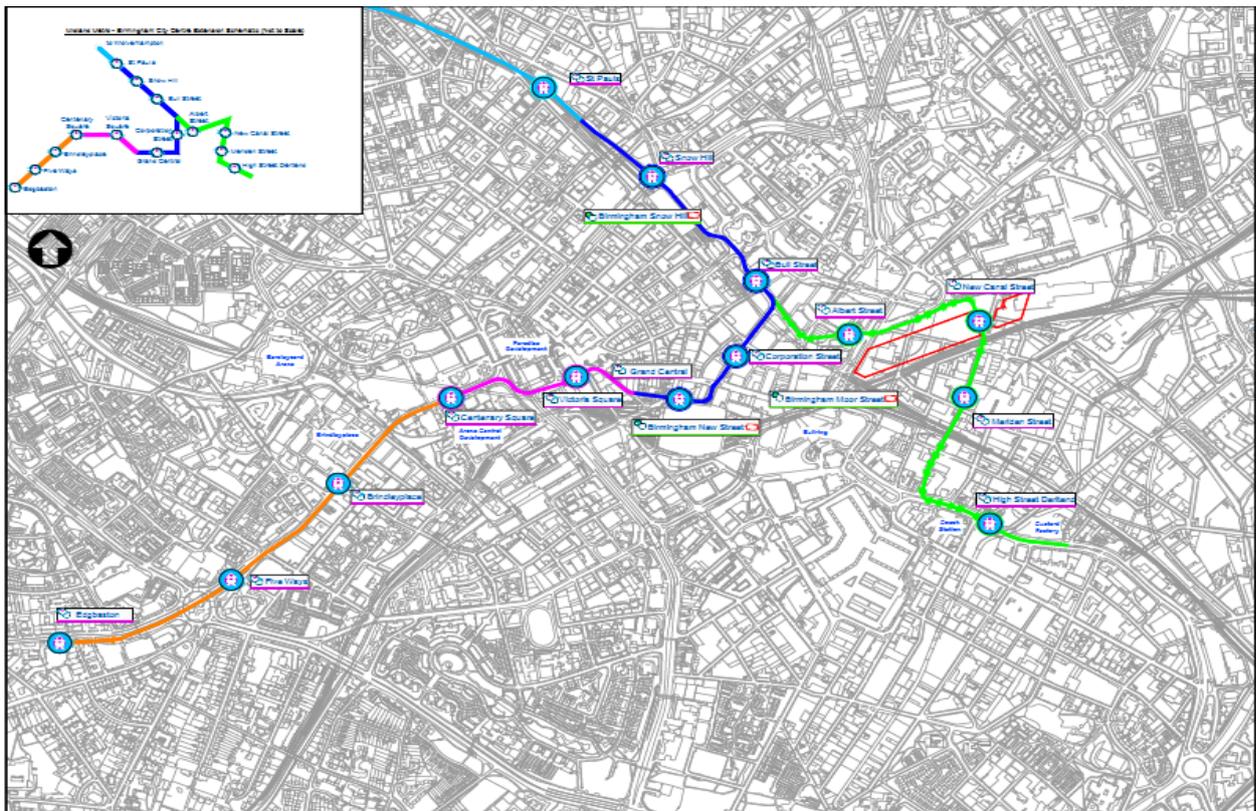
1. Purpose

- 1.1. To seek approval to:-
 - 1.1.1. accept Project Proposals for construction of the Centenary Square and Edgbaston (Five Ways) Metro Extensions from the Midland Metro Alliance,
 - 1.1.2. submit a Full Business Case to the Department for Transport (DfT),
 - 1.1.3. submit under the provisions of section 239 of the Local Government Act 1972 (which applies in this case by virtue of section 20 of the Transport and Works Act 1992) an application for The Midland Metro (Birmingham City Centre Extension, etc.) (Edgbaston Extension Land Acquisition) Order to the Secretary of State for Transport under the Transport and Works Act 1992, and
 - 1.1.4. delegations from WMCA to the TfWM Leadership Team to progress the Birmingham Edgbaston (Five Ways) and Centenary Square Extensions projects within the overall budget envelope set out in this report.

2. Background

- 2.1. The consideration by WMCA of Project Proposals from the Midland Metro Alliance to construct the Centenary Square and Edgbaston (Five Ways) extensions represents a significant milestone for this innovative procurement method, which is a trailblazer for other future WMCA initiatives. Further detail on the Alliance is provided in section 3 of this report.
- 2.2. The Centenary Square and Edgbaston (Five Ways) projects have TWAO powers in place and the route is shown in Figure 1.

Figure 1 Centenary Square and Edgbaston (Five Ways) Extensions



- 2.3. The Midland Metro (Birmingham City Centre, etc.) Order (SI2005/1794) was made in 2005 (“the 2005 Order”) and implemented in 2010. The first section of route, between St Paul’s and Grand Central, opened to passengers in May 2016. This Birmingham City Centre Extension has seen remarkable early growth in patronage, meeting business case forecasts.
- 2.4. The remaining two phases, from Stephenson Street to Centenary Square (the Centenary Square Extension) and from Centenary Square to 54 Hagley Road (the Edgbaston (Five Ways) Extension) will complete delivery of the 2005 Order powers and are planned to be combined to secure efficiencies in delivery, subject to funding approvals for the Edgbaston (Five Ways) Extension.
- 2.5. 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.

- 2.6. 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 TWAO was sought. This was the subject of a local Public Inquiry between November 2014 and January 2015 and the Midland Metro (Birmingham City Centre Extension, etc.) (Land Acquisition and Variation) Order 2016 (SI2016/545) has been obtained and has come into force (“the 2016 Order”). Advance utilities diversions, undertaken utilising the 2005 Order powers commenced in January 2015 and are planned to be completed shortly.

Figure 2 Photomontage of tram at Edgbaston (Five Ways) terminus showing mature trees retained where possible



- 2.7. 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.
- 2.8. Formal TC1 Project Proposals have been received from the Midland Metro Alliance for the two projects and approval is sought to accept these.
- 2.9. For the Edgbaston (Five Ways) Extension the Compulsory Purchase Powers authorised by the 2005 Order have lapsed, and WMCA is in negotiation with the relevant landowners to acquire the small areas by agreement. Although negotiations are proceeding well there is a risk that agreement cannot be reached or reached within the programme timescales. In order to mitigate that risk and ensure delivery of the project in line with the current schedule it is proposed to commence to refresh the former compulsory purchase powers through a supplementary TWAO.
- 2.10. Formal application is now therefore proposed to be made to the Secretary of State for Transport for the Midland Metro (Birmingham City Centre Extension, etc.) (Edgbaston

Extension Land Acquisition) Order, under the Transport and Works Act 1992 to provide for powers of compulsory acquisition for the scheme. Further details of the scheme and the proposed TWAO are given in section 4 of this report.

2.11. Although funding allocated via the 2014 Growth Deal was devolved to GBSLEP, major projects costing more than £20m have been retained 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. This report therefore seeks approval to submit a Final Business Case to DfT for the combined projects, further details of which are in section 5. A commitment has been made to DfT to submit the business case in March 2017 in order to enable a sign off, subject to DfT assurance processes and Ministerial decisions, in summer 2017.

3. Midland Metro Alliance/Project Proposals

What is Alliancing?

- 3.1. Alliancing is a form of relationship contracting often used for complex projects or programmes which require speed of delivery and cost certainty. Pure Alliances include the owner, designer and contractor as alliance members who collectively seek outstanding outcomes through an integrated team, characterized by aligned goals, innovative thinking and collaborative behaviours.
- 3.2. This is reinforced through a commercial framework set up to create win-win outcomes by aligning the commercial interests of constructors and designers with the owner's project objectives, with risk collectively assumed by all participants and rewards determined by collective performance.

Essential Features of a Pure Alliance

3.3. In the Alliance, WMCA, the Designer and the Contractor work as a single integrated team to develop and deliver the programme of works collaboratively under a single Programme Alliance Agreement (PAA) with the interests of all the parties aligned. The Alliance will:

- promote collaborative behaviours commensurate with a best for project approach;
- assume collective ownership for performance in programme and project delivery;
- take collective responsibility of all programme and project risks & opportunities;
- operate under a commercial model that provides for a Pain share and Gain share



- 3.4. The programme is governed by the Alliance Leadership team comprising senior representation from all the Alliance members where all members have an equal say. Day to day management of the programme is by a seamless integrated management team where all members are assigned to the team on a best-for-project basis whilst the parties agree to resolve issues within the alliance with no recourse to litigation.
- 3.5. The intended remit of the Alliance is to design and deliver all Metro extensions over the next 5 year period (subject to WMCA approval of each scheme budget at key stages such as this one), with a guarantee to extend for a further 5 years subject to satisfactory performance.

Programme Alliance Agreement

- 3.6. Unlike traditional forms of construction contract which seek to defend positions, the Programme Alliance Agreement (PAA) is very different insofar as it is principle based, placing obligations on the parties to act in good faith and committing to Best for Project decision making on the basis that this will deliver the best outcome for all parties.
- 3.7. Other key features of the PAA include shared risk, no claim, no blame and creating a collaborative, self-governing environment in which a high performing, innovative team will thrive. The consequences of failure are dealt with through the commercial model. Owner's rights are reserved to exceptional circumstances i.e. changes in law, breaches in statutory duty and wilful neglect.

Commercial Model

- 3.8. The commercial model works in tandem with the PAA, linking the commercial interests of all the parties to best-for-project outcomes, encouraging all the participants to work as an integrated team to identify and mitigate / eliminate risk and innovate to achieve outstanding results. The commercial model addresses development of target costs for each project on an open book basis, compensation of the Non Owner participants, manages change, sharing of pain /gain, key results areas (KRA's), programme wide insurances:-
 - Target costs are developed jointly on an open book basis and include reasonable estimates of the actual costs to deliver the works including owners direct costs, design costs, construction costs, contingencies and non-owner participants' fee (overhead and profit);
 - As the members collectively assume all risks, scope variations under the Alliance are limited to material change where the client has for instance requested an extra facility that could not have been contemplated at the outset;
 - Sharing of pain gain will be limited to the non-owner participants' fee ensuring all parties are equitably incentivized to perform beyond the expectation of the target cost;
 - Key Results Areas are developed to incentivize participant performance in areas critical to the project; and
 - Project insurance is an essential element of the Alliancing form of contracting. Under Pure Alliancing, as no liability arises between the parties, normal insurances cannot be triggered and therefore cannot be called upon to protect the partners against internal claims. This is overcome by the WMCA taking out an all-encompassing project insurance policy.

Key Benefits

3.9. Outstanding project outcomes achieved by past Pure Alliances include – on-time or early completion even on the most challenging projects; optimum out-turn costs; more effective stakeholder management; and potential for improved returns for non-owner participants.

Project Proposals

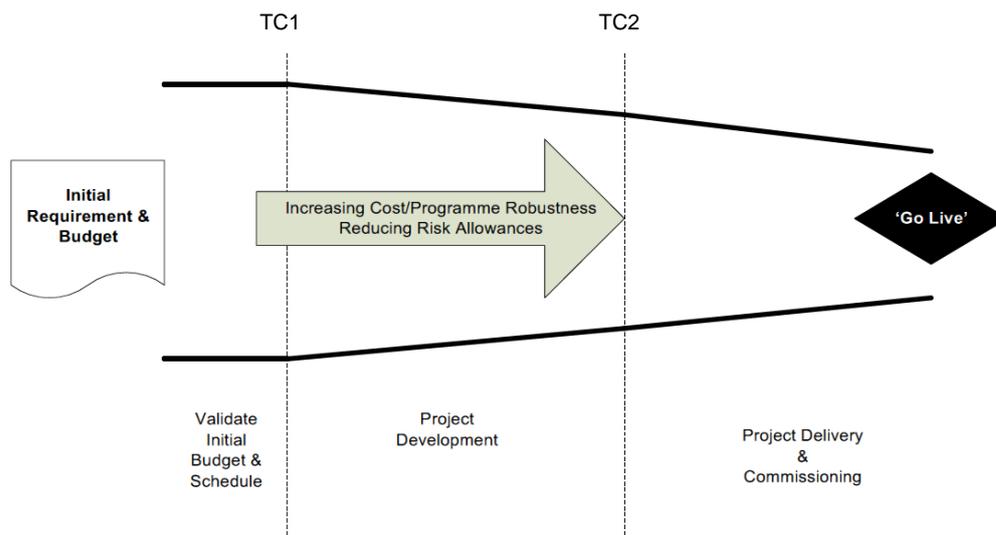
3.10. The PAA provides for formal submission and acceptance of works packages by the WMCA as Owner through “Project Proposals”. These have been submitted for the Centenary Square and Edgbaston (Five Ways) schemes. The submitted TC1 costs for the Alliance Non-Owner Participants are £43,071,238 for the Centenary Square Extension and £60,120,983 for the Edgbaston Extension. When taken together with the already expended and future costs direct to WMCA this provides outturn costs for the two projects as shown in Table 1 below.

Table 1 Projected Outturn Costs

Scheme element	Preparatory/ Advanced Works Costs	Base Scheme Costs	QRA	Total
Metro	28.1	102.0	15.5	145.6
Trams	3.6			3.6
Total	31.7	102.0	15.5	149.2

3.11. Project proposals are provided in two stages as the detailed design of the project progresses, known as Target Cost 1 (TC1) and Target Cost 2 (TC2). The progress between them is illustrated in figure 3 below.

Figure 3 Target Cost Progression



3.12. As can be seen from Figure 3 above, the intention is that TC2 is lower than TC1 as the benefits of the alliance’s collaborative approach, design innovation and early contractor involvement are brought to bear, being suitably incentivised through the commercial model.

- 3.13. The Project Proposal has been thoroughly reviewed by the Metro Delivery Board and it is recommended for acceptance by WMCA to enable progress to continue on design in line with the project budget.
- 3.14. In order to secure efficiency and keep the momentum towards delivery it is recommended that officers are delegated to accept the TC2 Project Proposals for the projects if they fall within the TC1 outturn cost envelope set out in Table 1 above. This will be subject to a satisfactory external review and assurance process by the Alliance Auditor.

4. Project Details/ the Order

Description of the route

- 4.1. The route will extend the Midland Metro system from the Grand Central stop on Stephenson Street along Pinfold Street to a stop in Victoria Square serving the Town Hall. The route then passes along Paradise Street and Paradise Circus into Broad Street where it stops in Centenary Square. The Edgbaston (Five Ways) Extension then takes the alignment along Broad Street and provides Metro stops at Brindleyplace and Five Ways. The tramway will then run through the Five Ways underpass and along Hagley Road to a new terminus on the south side of the road adjacent to the 54 Hagley Road office building.

Aims of the project

- 4.2. The aims of the project support both national and local policies for growth and investment and are enumerated below:
- 4.2.1. Improve access to markets, enabling businesses to better access their customers, by linking new business developments and growth in the Westside such as at Paradise Circus, Arena Central, Calthorpe Estates and Brindleyplace to the City Centre with key transport hubs such as New Street and Snow Hill Stations, and to the Black Country via Midland Metro Line 1.
- 4.2.2. Reduce transport costs for businesses by lowering journey times and increasing reliability. This will facilitate easier journeys, as well as provide improved links between jobs and businesses in the City Centre and wider West Midlands with those in Birmingham's Westside.
- 4.2.3. Support business growth by delivering sustainable multi-modal access to new development sites, by providing improved access to local and national rail, tram and local bus services.
- 4.2.4. Deepen labour pools by improving physical access to jobs, through reducing travel times within the West Midlands region by linking local and national rail, tram and local bus services with new development and employment sites.
- 4.2.5. Increase competitiveness by reducing journey time uncertainty through the extension from New Street to Edgbaston (Five Ways) and the complementary highway measures to be introduced by Birmingham City Council.
- 4.2.6. Support growth by addressing constraints on network performance, by providing additional transport capacity and assisting modal shift from private car to public transport modes.

4.2.7. Support the sustainable growth of Birmingham, and contribute to tackling climate change, through reducing the carbon impact of transport.

Operational Issues

- 4.3. The current proposal is to retain the current peak and inter-peak 6-minute frequency of service extended from the current terminus at Grand Central to the Hagley Road terminus. A turn back will allow services to terminate at Centenary Square in the 2-year period between opening to service of the two phases and during normal operations if required, for example if there are delays on Broad Street.
- 4.4. The hours of operation of the tramway may be extended from the current timetable to serve the later-night market of the Broad Street entertainment district on Friday and Saturday nights. This will be decided closer to the time of opening.
- 4.5. The infrastructure proposed within the extension in terms of turn backs, and platform locations has been agreed as appropriate with the current operator National Express Midlands Metro.

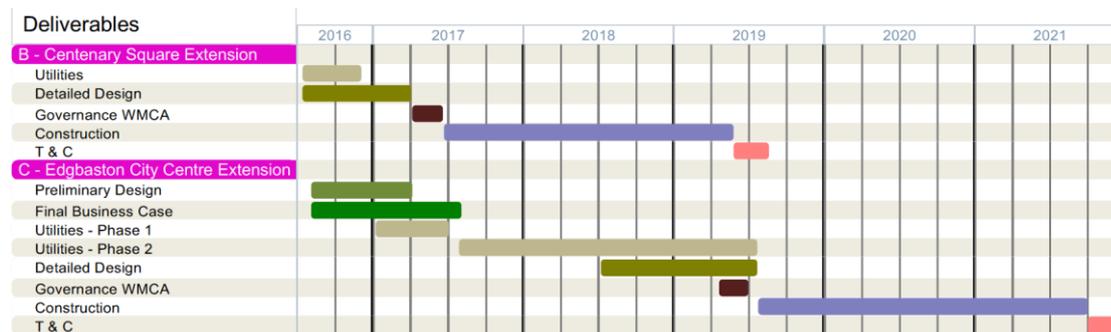
Land Acquisition

- 4.6. Land acquisition for the Centenary Square section is provided through the compulsory purchase powers in the 2016 Order.
- 4.7. As detailed in the plans for the proposed TWAO, small areas of land are required outside the highway boundary for the Edgbaston (Five Ways) section. The compulsory powers for these under the 2005 Order lapsed in 2010, and if land acquisition cannot be progressed through agreement the compulsory powers will need to be refreshed. Although these negotiations are progressing well, there is a risk that they cannot be completed to meet the planned delivery schedule. The application for the proposed TWAO is therefore being prepared for submission in a “belt and braces” approach, and its submission to DfT requires WMCA approval.

Schedule

- 4.8. The schedule for delivery of the Edgbaston (Five Ways) phase will be subject to the timescales and outcome of the land acquisition process and to securing funding approval from the DfT, which is itself dependent upon the land acquisition process. The Centenary Square phase is planned to start work in June 2017 and complete in May 2019. The overall schedule is illustrated in Figure 4 below.

Figure 4 Integrated Schedule



Dialogue with Stakeholders

- 4.9. Due to the lengthy history of this project there has been considerable and continuing dialogue with stakeholders along the whole route, including both statutory for a TWAO application (the relevant groups as stated in Schedules 5 and 6 of the Transport and Works (Applications and Objections procedure)(England and Wales) Rules 2006) and non-statutory groups.
- 4.10. In particular the statutory processes in the consultation ahead of the application for the 2005 Order involved additional considerable public consultation, and the scheme was the subject of a local public inquiry. Those limited number of landowners who are statutory stakeholders for the proposed TWAO have been involved in lengthy dialogue regarding the options for project delivery.

Consultation

- 4.11. Subsequent to the lengthy and detailed consultation exercises on both the 2005 and 2016 Orders (over and above compliance with the TWAO Rules) there has been a formal consultation with affected landowners and statutory consultees prior to the submission of this proposed TWAO for which approval is sought in this report.

Need for the Scheme, Impacts and Benefits

- 4.12. An assessment of the likely impacts and benefits of the scheme both during construction and operation was undertaken and mitigation measures identified as part of the Environmental Statement (ES) which formed part of the 2005 Order TWAO application.
- 4.13. The 2005 Order scheme went through a local public inquiry. The independent inspector appointed by the Secretary of State concluded that the benefits of the scheme outweighed any impacts and that the 2005 Order should be made in the public interest. The Secretary of State agreed with this view in making the 2005 Order; therefore there is therefore no need to establish or further demonstrate the need for the scheme in the proposed TWAO application which seeks to reinstate compulsory purchase powers already deemed necessary and in the public interest.

Procurement

- 4.14. The design and construction of the project going forward will be via the Midland Metro Alliance. Advance utility diversions will be ordered via the relevant utility company but will be managed and co-ordinated by Midland Metro Alliance.

4.15. The Centenary Square phase can be operated with the 19 trams originally ordered as part of the BCCE and Fleet Replacement project. The longer journey times to Hagley Road require the fleet to be increased to 21 trams; these have been purchased as options under the Tram Supply Contract with CAF and are fully commissioned. The cost of this is included in the project costs shown in Table 1.

Scheme Revenues

4.16. The business case work has reviewed the forecast increases in operational costs and revenues. The scheme is forecast to generate a net annual revenue surplus rising from £1.4m in year one to £3.4m in year five after opening.

Funding

4.17. As stated earlier in the report there is a complex mix of funding for this project, as set out in Table 2 on the next page.

Table 2 Project Funding

	Prep/Adv	2017/18	2018/19	2019/20	2020/21	2021/22	Total
Estimated Capital Cost (QCE)	31.7	26.4	28.0	36.2	24.1	2.8	149.2
Funded By:							
GBSLGF	7.6	0.0	0.0	0.0	0.0	0.0	7.6
BCC Enterprise Zone	11.5	5.8	0.0	0.0	0.0	0.0	17.3
Third Party Contribution	0.1	1.0	3.7	0.8	0.0	0.0	5.6
WMCA Contribution	11.1	9.5	12.0	9.9	13.6	2.8	59.0
DfT Funding	1.5	10.1	12.3	25.5	10.5	0.0	59.8
Total	31.7	26.4	28.0	36.2	24.1	2.8	149.2

4.18. The WMCA contribution of £59.0m can be funded as part of the HS2 Connectivity Package included in the WMCA devolution Investment Programme of £8bn. The borrowing can be sustained by the net revenues forecast in the business case as set out in paragraph 4.16. In addition the WMCA borrowing can be funded through the gain share devolution grant and or business rates supplement and growth.

4.19. Where the WMCA prudentially borrows it is important to set out the implications of that borrowing on the WMCA through increased debt charges. Under the funding scenario in 4.17 above, the impact of the borrowing on the Authority of £59.0m would result in a £2.5m annuity loan payment over 40 years.

4.20. WMCA is seeking an additional contribution to the project from the City Centre Enterprise Zone to cover the additional estimated £1.3m cost of enhanced surfacing materials in Centenary Square, Victoria Square and Pinfold Street which have been requested by Birmingham City Council and exceed the standards for which planning permission was obtained in 2014. This was flagged to the Enterprise Zone Board on 17 December 2015, for resolution once firm costs had been obtained, and this principle has been included in the Enterprise Zone funding shown above. This is currently under discussion with BCC and the EZ, to review other potential solutions, e.g. S106 contributions,

The Proposed Transport and Works Act Order

- 4.21. The proposed Midland Metro (Birmingham City Centre Extension, etc.) (Edgbaston Extension Land Acquisition) Order, if made, would authorise the compulsory acquisition both permanently and temporarily of parcels of land required to facilitate the construction and operation / maintenance of the route.
- 4.22. The Midland Metro Alliance has reviewed the land requirements within the application for the proposed TWAO and is content that sufficient land is included to construct and operate the scheme.
- 4.23. Members are recommended to approve the submission by WMCA of the TWAO application to the Secretary of State for Transport for the TWAO for this to be made under the Transport and Works Act 1992. The powers in the TWAO will be substantially based on the Land Plans and the final, made TWA Order, drafts of which are presented in Appendix 1.

5. Final Business Case

- 5.1. As stated in paragraph 2.10 the Final Approval of the 2014 Local Growth Deal provisional funding for the Edgbaston (Five Ways) phase of the project rests with DfT. A Final Business Case has been prepared, reviewed and accepted by the Technical Appraisal Panel within the WMCA assurance framework. The summary of the Full Business Case is attached at Appendix 2.
- 5.2. The overall scheme benefits have been assessed and a DfT Webtag compliant analysis has been undertaken, showing the following economic benefits (including the effects of revenue transfer):-
- Present Value of Benefits £44.8m (PV, 2010)
 - Present Value of Costs £28.5m (PV, 2010)
 - Net Present Value £16.2m (PV, 2010)
 - Benefit:Cost Ratio 1.6:1
- 5.3. Due to the constraints of Webtag, where only schemes with planning permission or similar are considered, this appraisal (at the insistence of DfT) excludes the effects of the Birmingham Eastside Extension which will link the tramway to HS2. A sensitivity test around the central case shows that with those projects the Benefit:Cost Ratio increases to 2.5:1.
- 5.4. The above takes no account of the wider economic benefits associated with the project, which include the regeneration impacts and resulting business and economic growth arising from the scheme. New guidance is in preparation by DfT and DCLG on the methodology for capturing such benefits, which should enhance the economic case set out above.

- 5.5. DfT will not accept a Final Business Case unless powers are in place or land acquired. The submission cannot therefore be made if the land acquisition process is not completed, and in that case would have to wait for the TWAO process to run its statutory course. In the “belt and braces” approach, if the TWAO is submitted now the delivery schedule can be maintained, and hence the WMCA is recommended to approve its submission now. Any delay will mean that the overall delivery is delayed if the land cannot be acquired by agreement.
- 5.6. If the land acquisition is completed the Final Business case can be formally submitted and it is hoped that a funding approval can be secured in the summer. This would give greater flexibility to the Midland Metro Alliance and enable more efficient use of plant and resources along the whole of the route construction. The Authority is therefore recommended to approve the submission of the Final Business Case.

6. Delegations to Officers

- 6.1. In order to manage business effectively and efficiently WMCA is recommended to delegate its powers in respect of this project to

6.1.1. the Metro Programme Director and the Corporate Services Director to:-

- i. accept TC2 Project Proposals from the Midland Metro Alliance for the projects should they fall within the approved TC1 Project Proposal prices, and subject to a satisfactory report by the Alliance Auditor;
- ii. finalise the various application documents for the Order
- iii. if an application for a TWAO is submitted, to progress negotiations with any affected parties or objectors to the TWAO with the aim of avoiding, or securing the withdrawal of, any objections to it,
- iv. Comply and deal with any TWAO local public inquiry process and procedure arising or resulting from the submission of the application for the TWAO.
- v. Progress negotiations with any landowners and leaseholders and make necessary arrangements to acquire the land within the proposed TWAO, conditional on the basis the TWAO will be made, and
- vi. Place orders to appoint the Midland Metro Alliance, other consultants, legal advisors and others as necessary to undertake further design development work on the scheme and support the ongoing statutory process, in line with any existing agreements and in compliance with internal governance requirements and procurement best practice and in consultation with Head of Governance where appropriate.

6.1.2. the Head of Governance or her nominated representative to negotiate, agree, enter into , execute and serve (where appropriate) all relevant legal agreements, notices and other documentation necessary to facilitate and underpin the submission of an application for a TWAO and any other existing TWAOs referred to in this report.

6.2. Paragraph 4.17 sets out the forecast expenditure on the Centenary Square / Edgbaston (Five Ways) project through to opening of the whole extension in 2021 and identifies a spending requirement of £26.4m in 2017/18. In order to maintain this programme the Midland Metro Alliance has identified a programme of project development, design, utilities diversion and enabling works that need to be undertaken at risk ahead of the DfT approval of the Final Business Case which is assumed for budgetary purposes to be at the end of September 2017.

6.3. The Alliance forecast costs for these development and enabling works is £15.5m of which £5.3m of utilities works was previously authorised in April 2016. Approval is sought to spend up to £15.5m at risk of which a maximum of £8.7m will be drawn from WMCA funding in line with the profile set out in paragraph 4,17 pending the release of funds by DfT.

6.4. Following this approval by WMCA to proceed to the next stage this project will be managed by Transport Delivery Committee under its approved delegated powers.

7. Impact on the Delivery of the Strategic Transport Plan

7.1. 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.

8. Wider WMCA Transport Implications

8.1. These Midland Metro extensions, as part of an integrated Rail and Rapid Transit Network, will enable better connectivity of central Birmingham, HS2 and key centres and corridors in Birmingham and the Black Country with the wider Combined Authority area. This is through effective interchange with suburban and regional rail services and bus services. There are currently no proposals in the wider Combined Authority geography beyond the area covered by Transport for West Midlands for Metro schemes.

9. Financial implications

9.1. The detail of the project costs and funding is included within section 4 of the report.

10. Legal implications

10.1. The WMCA has power to apply for a TWAO by virtue of section 20 of the Transport and Works Act 1992. Subsection (2) of section 20 provides that the power to make a TWAO application is subject to the same conditions (if any) that apply to the applicant when promoting a Bill in Parliament.

10.2. The WMCA has powers to promote Bills in Parliament under section 10 of the Transport Act 1968 (as amended) and section 239 of the Local Government Act 1972 (as amended).

10.3. In order to comply with the conditions that apply to the exercise of the power in the LGA 1972, special notice of this meeting and its purpose has been given in accordance with section 239. If the WMCA approves the submission of the TWAO application, it is required by the LGA 1972, that after the submission of the TWAO application to the Secretary of State for Transport confirmation of this is required at a subsequent meeting.

11. Equalities implications

- 11.1. The extensions of Midland Metro will facilitate fully accessible journeys and access to employment, leisure, education and link to other transport modes. It is important to ensure that any proposed projects undergo a thorough impact assessment process and that consultation takes place with a range of stakeholders including disability groups – equality manager to be contacted at an early design stage

12. Schedule of background papers

- 12.1. Report to WMCA 30 September 2016 Midland Metro Update

1