

Wednesbury to Brierley Hill Extension

**Evidence Given on Behalf of the Applicant: WMCA
Scheme Overview
Second Supplementary Proof of Evidence
Peter Adams**



Transport and Works Act 1992

The Transport and Works

(Inquiries Procedure) Rules 2004

1 Introduction

Reasons for Supplementary Proof of Evidence

- 1.1 In my first Supplementary Proof of Evidence [APP/P1.4], which was submitted on 5 March 2019, I noted in paragraph 1.2 that approval of the revised cost for the Wednesbury to Brierley Hill Extension (WBHE) is being progressed through the WMCA's normal assurance and governance process, with a final approval from the WMCA Board that is scheduled to take place on 22 March 2019.
- 1.2 As the WMCA Board report has now been made public as part of the WMCA's normal administrative processes it is appropriate to submit this report to the Inquiry.
- 1.3 In addition to the above, and subsequent to the submission of the WMCA's Proofs of Evidence, the WMCA published, via the Midland Metro Alliance (MMA) website¹ on 11 March 2019, details of a "Midland Metro Construction - Business Support Package". This is relevant to issues raised by some objectors to the WBHE, and therefore it is considered important for consideration at the Inquiry. Details of this support package are described in this Supplementary Proof of Evidence and in the leaflet which I produce as an Appendix to this Supplementary Proof of Evidence [APP/P1.7].

¹ <http://metroalliance.co.uk/businesssupport/>

Statement of Matters

- 1.4 In this Supplementary Proof of Evidence therefore I update the Inquiry on issues related to the following matters in the Statement of Matters issued by the Secretary of State for Transport, being the matters about which the Secretary of State particularly wishes to be informed for the purposes of his consideration of this application [GEN3]:-
- 1 – Justification for the Proposed Order,
 - 3 – The anticipated benefits of the scheme, having regard to the criteria for justifying powers in paragraphs 12 to 15 of the Ministry of Housing, Communities and Local Government Guidance, as amended,
 - 4d – measures proposed by WMCA to mitigate any significant adverse impacts arising from the exercise of the powers in the proposed Order, and whether any such measures are appropriate and sufficient to enable land owners, tenants, occupiers and statutory undertakers to carry on their business and undertakings effectively and safely and to comply with any statutory obligations applying to their operations, and
 - 5c – Availability of Funding.

Witness Declaration

- 1.5 The evidence I shall give is true, given in good faith and represents my professional opinion regarding the merits of the Order proposal and I have carried out my assessment in accordance with the Code of Professional Conduct of the Institution of Civil Engineers.

2 Estimated Capital Cost and Funding

- 2.1 As noted in my first Supplementary Proof of Evidence [APP/P1.4], in preparing the Final Business Case (FBC), WMCA has carried out, through the MMA, a thorough estimate of the costs for implementing the project in order to ensure it provides a comprehensive, robust and reliable basis for the consideration of the Financial and Value for Money (Economic) Cases. The estimated capital cost for the extension, net of any value engineering savings, is £449.5 million.
- 2.2 As I note in paragraph 1.1 of this Proof of Evidence, this revised cost, together with the FBC [WBHE/D3/A and B, WBHE/D4/B and C, WBHE/D5/B and C, WBHE/D6/B and C and WBHE/D7/B and C], forms the basis for further reporting in accordance with the WMCA's governance processes. The funding package supporting the revised cost of £449.5 million obtained approval via the WMCA Investment Board at its meeting on 11 March 2019, and a final approval is to be sought at the main WMCA Board meeting on 22 March 2019. Copies of the minutes of the WMCA Investment Board meeting on 11 March 2019, and the published WMCA Board report to be considered at the meeting on 22 March 2019 are provided as Appendices 1 and 2 to this Proof of Evidence respectively [APP/P1.7]. The WMCA Board report sets out the funding proposals for the WBHE, together with other items of programme expenditure relating to the expansion of the West Midlands Metro. I summarise this below in respect of the WBHE.
- 2.3 The WBHE will be funded from the following sources:-
- Black Country Local Enterprise Board Local Growth Funding
 - Central Government Grant
 - WMCA Contribution (HS2 Connectivity Package)
 - Prudential Borrowing

2.5 The funding of the revised estimated outturn costs of the WBHE is shown in Table 2.1 below. The various elements of funding are explained in the report.

Table 2.1: Annual Funding Requirements (£M)

	£m							Total
	Actuals to date	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	
Estimated Capital Cost (QCE)	7.4	13.4	37.1	92.0	105.0	114.4	80.2	449.5
Funded by:								
<i>BCLGF</i>	<i>0.4</i>							<i>0.4</i>
<i>Government funding</i>	<i>7.0</i>	<i>13.4</i>	<i>37.1</i>	<i>65.1</i>	<i>82.5</i>	<i>2.0</i>		<i>207.0</i>
<i>WMCA contribution</i>				<i>26.9</i>	<i>22.5</i>	<i>53.6</i>		<i>103.0</i>
<i>Prudential borrowing</i>						<i>58.9</i>	<i>80.2</i>	<i>139.1</i>
Total	7.0	13.4	37.1	92.0	105.0	114.5	80.2	449.5

2.6 WMCA Board approval of the funding package on 22 March 2019 as set out in the WMCA Board report at Appendix 2 [APP/P1.7], will fully fund the WBHE.

3 Business Case

- 3.1 My colleague Mr David Carter explained the approach that has been taken in updating the Outline Business Case to the FBC stage in his Supplementary Proof of Evidence [APP/P2.4]. The FBC has been prepared to obtain funding approval through the WMCA's normal assurance and governance approval processes.
- 3.2 The FBC confirms that, with the revised capital cost outlined in section 2 of this Proof of Evidence, the WBHE continues to provide high value for money, with a Benefit to Cost ratio of 2.03:1. This demonstrates that there remains a compelling case in the public interest to justify conferring on WCMA powers to compulsorily acquire and use land for the purposes of the scheme, as set out in Section 5 of the WMCA Statement of Case [WBHE/F5], "The Case for the Order".
- 3.3 As will be noted from the procurement timetable set out in paragraph 2.56 of the Management Case [WBHE/D3A], the WMCA is currently engaged in the "Invitation to Negotiate" stage of the Tram Supply Contract, and prospective bidders are currently preparing their commercial bids. Some detailed elements of the Financial and Economic Cases [WBHE/D4/B and D7/B], from which WMCA's estimated tram supply prices could be identified, have therefore been redacted in order for WMCA to maintain the appropriate commercial confidentiality during the tender process.

4 Midland Metro Construction – Business Support Package

4.1 On 11 March 2019, WMCA published details of a Midland Metro Construction – Business Support Package via the MMA website². A publicity leaflet, and a plan showing the defined area within which the package will apply in respect of the WBHE, form Appendices 3 and 4 to this Proof of Evidence respectively [APP/P1.7].

4.2 This package has been developed to provide additional non-statutory support to smaller firms and retailers directly affected by the construction of the extension to the Metro network. It is limited to the impact of works undertaken by WMCA pursuant to its powers to construct Metro works under the relevant Transport and Work Act Orders.

4.3 The criteria for businesses within the eligible area to qualify for financial assistance is as follows:

- Turnover up to £175,000 – financial assistance up to 70% of lost profit
- Turnover of between £175,000 and £350,000 – financial assistance of 60% of lost profit
- Turnover of between £350k,000 and £500,000 – financial assistance of 50% of lost profit

4.4 The annual cap per claimant for the support package is set at £17,047.

4.5 This support package is for all Metro schemes being taken forward, including the WBHE. It is anticipated that qualifying businesses along the WBHE are likely to be those located in Dudley town centre. In addition to this Package, WMCA plans to provide business support activities to include, inter alia, the following, not limited to the defined areas:-

- Working with local business groups to develop a district-based approach
- Provision of specialist support services to business and businesses groups to assist with website development / design, social media to enhance the digital presence of businesses

² <http://metroalliance.co.uk/support-package-announced-by-the-west-midlands-combined-authority-for-businesses-affected-by-metro-works/>

- Provision of marketing support and creative agency input to provide high impact campaigns
- Provision of a one stop shop to assist businesses in accessing general advice and support on business development opportunities.
- Utilising Metro assets (such as tram screens, advertising panels, leaflets) to promote areas (e.g. Wolverhampton City Centre, Birmingham Westside, Dudley town centre)
- Targeted advertising campaigns using Metro assets (such as tram screens, advertising panels, leaflets) roadside sites, social media and radio.

4.6 As explained in the Proof of Evidence of my colleague Mr Ian Collins [APP/P3.1], the manner of undertaking the works will ensure that access is available to retail units in the Churchill Shopping Centre in Dudley town centre at all times, other than limited periods outside normal trading hours in liaison with stakeholders. Therefore, the WMCA does not anticipate that retailers will suffer loss as a result of the WBHE construction. However, the Midland Metro Construction – Business Support Package will provide comfort to business owners that, in the event they do experience loss of profit as a result of the WBHE, they will receive assistance from the WMCA. After construction businesses can expect to benefit from the improved connectivity provided by Metro through increased access to markets and customers.

4.7 The Midland Metro Construction – Business Support Package, taken with the mitigation measures described in the WMCA's Proofs of Evidence, are together appropriate and sufficient to enable land owners, tenants, occupiers and statutory undertakers to carry on their business and undertakings effectively and safely and to comply with any statutory obligations applying to their operations.

5 List of Appendices

Paragraph Ref	Appendix	Description
2.2	1	Minutes of WMCA Investment Board 11 March 2019
2.2	2	Published report to WMCA Board 22 March 2019
4.1	3	Details of Midland Metro Construction – Business Support Package
4.1	4	Plan showing “defined area” for WBHE for the purposes of the above