

**Dudley Metropolitan Borough Council**

**Report of the Director of the Urban Environment**

**Meeting of the Select Committee on The Environment**

**Monday 29<sup>th</sup> January 2007**

**Wednesbury to Brierley Hill Metro Extension (WBHE)**

**Purpose of Report**

- 1 To inform the Select Committee of current progress and key issues in relation to the development and the implementation phases of the Wednesbury to Brierley Hill Metro Extension (WBHE).

**Background**

- 2 At your last meeting a report was requested detailing progress of the Metro project. The WBHE is combined with the Birmingham City Extension (BCCE) as the schemes are mutually supportive. This report only considers the WBHE scheme.

**Outline Business Case**

- 3 The Outline Business Case (OBC) was submitted by Centro to the Department for Transport (DfT) on 21 July 2006. Conditional approval of the OBC will allow Centro to commence the tender process.
- 4 In previous discussions and correspondence the DfT has stated that it will not be able to give Centro any approval that would allow the tender process to proceed in advance of receiving and considering the full West Midlands Transport Innovation Fund bid. This was reiterated in public by Tom Harris MP, Parliamentary Under Secretary of State for Transport, in response to the adjournment debate in the House of Commons on 25 October 2006.
- 5 Efforts continue to engage DfT officials in assessing the detail of the OBC and meetings have been held to discuss the commercial and transport planning aspects of the bid. Centro is working with DfT to align Metro's economic appraisal with the developing requirements of the Transport Innovation Fund.

## **Agreements**

- 6 A number of agreements are required with third parties and progress on these is as follows;
- **Westfield** - The Westfield Agreement was signed on 21 July 2006, all points being resolved to the mutual satisfaction of both Westfield and Centro.
  - **Network Rail** - The Principles of Agreement document, including the technical appendices was signed on 28 February 2006.
  - **Local Authority Agreements** - in place for WBHE including Street Design Guide, Code of Construction Practice Part 1. Signage and Waymarking Strategies have also been approved as required by the Agreements and in order to de-risk the project.

## **Funding**

- 7 The current estimated cost for WBHE as included in the business case amounts to £268m and a local contribution of £36.5m has been secured from Westfield
- 8 On 31 January 2006 the West Midlands Regional Assembly made recommendations to Government on Regional Funding Allocations (RFA) for the West Midlands. This confirmed that expansion of the Midland Metro is a top priority for the Region. However, as the cost of the Phase 1 extensions would utilise virtually all the Transport Regional Funding Allocation for a period of years this was not considered realistic and the project was therefore assumed to be funded through the Transport Innovation Fund (TIF) as detailed above.
- 9 Metro must form an integral part of a package of TIF supporting measures to be agreed with West Midland partners. This package will form a basis for enhanced lobbying by all project partners and stakeholders to secure early delivery of WBHE.

## **Programme**

- 10 Direct linkage of Conditional Approval for the WBHE to Programme Entry for a West Midlands TIF package would lead to a delay in the project programme. Based on the assumption that a TIF Business Case would be submitted to DfT in July 2007 and approved together with the Metro in January 2008, contracts would be awarded for Metro extensions in January 2010, with opening in 2013. This would also lead to an increase in costs

## **Finance**

- 11 The costs of implementing the provisions of the WBHE are currently identified in the Transport innovation Fund proposals

- 12 As identified in the report significant local contributions had already been committed to WBHE and BCCE. District Leaders have received reports from Centro-PTA regarding the outturn costs of the project and the impact on local funding requirements which Leaders have agreed should be addressed through the PTA levy. This impact has most recently been shown in the reports to Leaders regarding the 2007/08 PTA levy.
- 13 The Agreement between Dudley and Centro included a provision that if further funding is required for the construction of WBHE The Council agrees to consider, together with Centro and other project partners means to secure this.
- 14 The decision by Leaders set out above now means that the risk associated with increased costs will be borne by the PTA Levy and not the Council.

### **Law**

- 15 Centro have received consent to construct the Wednesbury to Brierley Hill light railway under the Transport and Works Act Order dated 20th December 2004.  
  
The Council may do anything which is likely to promote or improve the economic, social and environmental well being of its area under section 2 of the Local government Act 2000.
- 16 Section 111 of the Local Government Act 1972 empowers the Council to do anything which is calculated to facilitate or is conducive or incidental to the discharge of any of its functions.

### **Equality Impact**

- 17 The proposal contained within this report complies with the Council's equal opportunities policy
- 18 The construction of the Metro will enhance the provision of access to education, employment and shopping by the disadvantaged.

## **Recommendation**

19 That the report be noted.

A handwritten signature in black ink, appearing to read 'John Millar'. The signature is written in a cursive style with a large initial 'J'.

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**John Millar**  
**Director of the Urban Environment**

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## **List of Background Papers**

1. Report to PTA 24<sup>th</sup> April 2006
2. Various e- mails Centro
3. Progress Report Centro November 2006.