

# Wednesbury to Brierley Hill Extension

**Evidence Given on Behalf of the Applicant: WMCA  
Scheme Overview  
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 Main Proof of Evidence [APP/P1.1], which was submitted on 19 February 2019, I noted in Section 8, at paragraph 8.2 that:-

*“As with any long-term major scheme of this type, WMCA has continued to take work forward where feasible, including further surveys and outline design work. This has continued during the application process for the Proposed Order and is an ongoing process..... In due course.....the estimated cost of the WBHE, as revised and updated, will inform the Final Business Case for approval through WMCA’s normal assurance and governance approval processes.....further information will be made available to the Inquiry into the application for the Proposed Order if it becomes available.”*

1.2 In preparing the Final Business Case (FBC), WMCA has carried out, through the Midland Metro Alliance (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. Subsequently a revised estimated outturn capital cost for the WBHE has been submitted to WMCA by MMA, being an estimated outturn cost for the project of £449.5 million gross of any value engineering savings. Approval of the revised cost is being progressed through the WMCA’s normal assurance and governance process, as described above, with a final approval from the WMCA Board being planned for 22 March 2019. It is therefore appropriate to report the revised estimated capital cost to the Inquiry, which is planned to take place during the report’s progress through the WMCA Governance process.

1.3 As part of the above process the WMCA has reviewed and updated the business case for the scheme and has produced a Final Business Case. This is reported to the Inquiry in the Supplementary Proof of Evidence of my colleague Mr David Carter [APP/P2.4] who confirms that, with the revised estimated capital cost, the WBHE still provides good value for money.

**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 [**GEN 3**]:-
- 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; 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 In preparing the FBC, WMCA has carried out, through the Midland Metro Alliance, 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 The Funding Statement [WBHE/A6] described WMCA's proposals for funding the costs of implementing the WBHE and estimates the outturn cost for the WBHE, including forecast inflation, to be £343.6 million. This is now required to be updated to confirm that funding is available to cover the revised scheme cost of £449.5 million.
- 2.3 As I note in paragraph 1.2 of this Proof of Evidence, this revised cost, together with the Final Business Case, forms the basis for further reporting in accordance with the WMCA's governance processes. This will seek approval via the WMCA Investment Board, meeting on 11 March 2019, and the main WMCA Board meeting on 22 March 2019. A copy of the published Investment Board report is included to this Proof of Evidence as my Appendix 1. This sets out the funding proposals for the WBHE, together with other items of programme expenditure relating to the expansion of the West Midlands Metro, and I summarise this below in respect of the WBHE.
- 2.4 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, shown below in Table 2.1 below. The various elements of funding are explained in the report.

Table 2.1: Annual Funding Requirements (£M)

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

2.6 WMCA Board approval of the funding package on 22 March 2019 as set out in the Investment Board report at Appendix 1, will fully fund the WBHE.

**3 Business Case**

- 3.1 My colleague Mr David Carter explains 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 approval through the WMCA's normal assurance and governance approval processes.
  
- 3.2 The Final Business Case 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".

**4 List of Appendices**

<b>Paragraph Ref</b>	<b>Appendix</b>	<b>Description</b>
2.3	1	Published report to WMCA Investment Board 11 March 2019