

Transport and Works Act 1992

Transport and Works (Applications and Objections Procedure) (England and Wales) Rules 2006 – Rule 10(3)(a)

The Midland Metro (Birmingham City Centre Extension Land Acquisition and Variation) Order

FUNDING STATEMENT

1. The scheme is estimated to cost £29.1 million in 2012/2013 prices, which includes a contingency for risks, including blight (a breakdown of cost can be found in the “Estimate of Cost”). The outturn cost, which adds forecast inflation to this figure, is estimated to be £30.9 million, and represents the amount that will need to be funded. This assumes construction of the Centenary Square Extension (“CSQ”) is completed by April 2017.
2. The CSQ will be funded from four funding sources:-
 - The Birmingham City Centre Enterprise Zone
 - The Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP)
 - Developer Contributions
 - Centro Prudential Borrowing

Enterprise Zone Funding

3. £16.65 million of the cost of the CSQ will be funded from the Birmingham City Centre Enterprise Zone. The Enterprise Zone (“EZ”) was approved by Government on 28 July 2011. The GBSLEP approved the City Centre Enterprise Zone Investment Plan on 26 July 2012 which includes investment in the CSQ. Birmingham City Council (“BCC”) is the accountable body for the Enterprise Zone Investment Plan, meaning that it has overall responsibility for the implementation and administration of the approvals process and financial arrangements for projects funded from this source.
4. BCC approved the funding of the CSQ at its Cabinet meeting of 21 October 2013.

GBSLEP Funding

5. In September 2012 the Department for Transport set out proposals for the devolution of funding for local major transport schemes from 2015. Through these arrangements the GBSLEP has been given responsibility by Government for an (indicative) allocation of £27 million between 2015 and 2019. (The actual allocations will not be determined until further spending rounds within Government.)
6. Following a joint bid to GBSLEP by Centro and BCC, the GBSLEP recommended to Government that the CSQ and associated complementary highway measures be allocated £8 million of the available funding. The

CSQ is one of seven projects to be granted “Programme Entry” status by the GBSLEP. £4.85 million of devolved local transport funding will be allocated to the CSQ’ with the remainder for the highway works.

Developer Contributions

7. The developers of the Paradise Circus Redevelopment are required by their planning permission and the associated Section 106 agreement to contribute to the costs of construction of the CSQ. In order to reduce construction disruption to a minimum the developers will construct CSQ infrastructure as part of the highway alterations that they will undertake commencing from 2015. The cost of these works forming part of the CSQ estimated cost is £4.4 million.

Prudential Borrowing

8. The remaining £5 million of the estimated cost of the CSQ will be funded by Centro through Prudential Borrowing, in accordance with the Prudential Code for Capital Finance in Local Authorities¹. The borrowing costs will be met from the increased Metro revenues generated by the CSQ project in operation.

Blight Expenditure

9. Blight expenditure is not anticipated to arise as a consequence of this application, however any such costs will be met from contingency provisions made in the Estimate of Cost.

¹ The Prudential Code is a professional code of practice to support local authorities in taking capital investment decisions. Local authorities determine their own programmes for capital investment in fixed assets that are central to the delivery of quality local public services in accordance with the Prudential Code.