

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, etc.) (Edgbaston Extension Land Acquisition) Order

FUNDING STATEMENT

1. The proposed Midland Metro (Birmingham City Centre Extension, etc.) (Edgbaston Extension Land Acquisition) Order would confer further powers of compulsory acquisition on the West Midlands Combined Authority (“WMCA”) for the purposes of the construction, operation and maintenance of the Birmingham Edgbaston Extension (“EDGE”) scheme as authorised under the Midland Metro (Birmingham City Centre, etc.) Order 2005 (“the 2005 Order”). Powers of compulsory acquisition under the 2005 Order expired on 22 July 2010.
2. The EDGE scheme is estimated to cost £142 million in 2016 prices, which includes a contingency for risks, including blight. The outturn cost, which adds forecast inflation to this figure, is estimated to be £149.2 million, and represents the amount that will need to be funded. This assumes construction of the EDGE scheme is completed by December 2021.
3. The EDGE is proposed to be funded from the following sources:-
 - Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP) Local Growth Funding
 - Central Government Grant
 - Birmingham City Centre Enterprise Zone
 - Developers Contribution from third parties
 - WMCA Contribution (HS2 Connectivity Package)
4. The funding of the EDGE scheme is shown in Table 1 below.

Table 1

	Prep/Adv	2017/18	2018/19	2019/20	2020/21	2021/22	Total
Estimated Capital Cost (QCE)	28.8	28.3	26.8	26.6	24.1	14.6	149.2
Funded By:							
GBSLGF	7.6	0.0	0.0	0.0	0.0	0.0	7.6
BCC Enterprise Zone	11.2	6.1	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	8.5	10.5	13.5	7.4	4.5	14.6	59.0
DfT Funding	1.5	10.7	9.6	18.4	19.6	0.0	59.8
Total	28.8	28.3	26.8	26.6	24.1	14.6	149.2

5. In the GBSLEP Growth Deal announcement on 7 July 2014 the Government placed great importance on maximising the benefits of HS2.
6. The Growth Deal noted that HS2 is a game-changing opportunity for the Greater Birmingham and Solihull area, with two stations in Phase One: Birmingham Curzon in Birmingham city centre, and the Interchange in Solihull, adjacent to the NEC and Airport within the Hub of UK Central.
7. To ensure that the GBSLEP can maximise the local economic benefits before and after the arrival of HS2, the Deal:
 - “Set out a new way of working between GBSLEP and Government, with strong commitments on both sides, to ensure that the area is able to exploit the potential of HS2 and maximise the benefits in terms of investment, jobs and skills; and
 - Provided a package of investment in a range of HS2-related projects that will significantly enhance connectivity to the Birmingham Curzon station and support extended provision of construction skills, noting that the overall package - including four schemes prioritised by the GBSLTB to be funded from the pre-allocation of the Local Growth Fund - would enable Greater Birmingham and Solihull to start getting ready now for the arrival of HS2, and support improved access to jobs and economic growth in the period up to its arrival in 2026.”
8. In terms of specific commitments by Government to the EDGE scheme Government committed to provisional allocation of £59.8m, of which £1.5m has been provided for development funding in 2015/16. (Funded by the Department for Transport as part of its nationally managed large local major schemes portfolio).
9. Enterprise Zone funding for the project of £15.95m was approved by Birmingham City Council's Cabinet on 18 May 2015 and WMCA is seeking additional contribution of £1.3m from Birmingham City Council. (The Council acting in its capacity as accountable body for the City Centre Enterprise Zone on behalf of GBSLEP).
10. 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 EDGE. In order to reduce construction disruption to a minimum the developers will construct EDGE infrastructure as part of the highway alterations that they will undertake commencing from 2015. The cost of these form the Third Party Contribution of £5.6 million.
11. The WMCA contribution of £59.0m is funded as part of the HS2 Connectivity Package included in the WMCA devolution Investment Programme of £8bn. The WMCA Board approved this funding on 17 March 2017. The WMCA will fund any additional costs in accordance with its agreements with the Department for Transport and its Midland Metro Alliance contract, including

the £1.3m Enterprise Zone funding set out in the above paragraph if that is not approved by Birmingham City Council.

Blight Expenditure

12. 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 scheme cost.