

28th July 2020

Greater Birmingham and Solihull Local Enterprise
Partnership

Supervisory Board

Paper for Consideration by Written Procedure

The paper following was distributed to members
for consideration by written procedure

GREATER BIRMINGHAM & SOLIHULL LEP PROJECT APPROVAL REPORT, SUPERVISORY BOARD 28 JULY 2020 INVESTMENT REPORT UNIVERSITY STATION (FBC)

1. Recommendation

1.1. The GBSLEP Supervisory Board is recommended to note the:

Approval of **£6.0m** (six million pounds) of Local Growth Funding (LGF) and Growing Places Funding (GPF) as a capital grant towards the delivery of the University Station (US) project at a total revised cost of £56.0m.

2. Background

2.1 This project has had a long gestation in part due to the complexity of the funding package and was further impacted by the impact of COVID-19. Background as follows:

- Original ask of £10m LGF grant, including £2m Development Funding was approved in September 2018 subject to match funding being secured;
- The original ask of £10m was reduced by £2m as recommended by the GBSLEP Board and agreed with Transport for West Midlands (TfWM) in January 2020;
- PDB agreed the £8m project funding to be split between Growing Places Fund (GPF) for £4.70m and LGF for £1.3m in May 2020. Since that date this Project has been submitted to the WMCA for Getting Building Fund at £4.70m. Members will be updated if officers are notified of the outcome in time for the Board; and
- Since the submission of the FBC, the total project cost has increased from £42.9m to £56.0m (please refer to Funding Profile below). The Independent Technical Evaluation (ITE) of 13 March 2020 has been revised as additional information has been made available by TfWM, an FBC Addendum was issued on 3 July 2020, and consequently the ITE was updated on the 7 July 2020, 23 July 2020 and 27 July 2020.

Issues - Matters arising

1. University Station is a category D station built in 1978, designed to accommodate 0.2-0.5 million passengers per year. In 2018/19, 3.97 million passenger journeys were made, resulting in significant overcrowding (see below) and queues, discouraging use of rail public transport as well as loss of potential income and creating safety concerns.



2. It is also a critical gateway to both the University of Birmingham and a number of key NHS institutions including Queen Elizabeth Hospital. Together the campus is the largest employment site in Birmingham outside the city centre and is projecting further substantial growth over the coming years, including the Life Science and Battery Park sites, both supported by GBSLEP.

- In addition, University premises are to be used for the 2022 Commonwealth Games (events and accommodation for competitors), forecasting a substantial increase in demand for travel through the Station over a short period. The business case is made for the provision of a category B station as it is designed for the longer-term capacity requirements (accommodating up to 10 million passengers per year). This will be supplemented by West Midlands Rail’s investment in new trains and expanding the Cross-City Line service to operate all six-car trains in 2021 which will constitute a 30% capacity uplift.



Independent Technical Evaluation

- The ITE was completed by AECOM on 13 March 2020 and revised on 27 July 2020, it reports no red or amber issues.

Programme

- The project sponsor is working towards a partial completion/opening in June 2022 for the Commonwealth Games in July 2022.

Milestones	Indicative Date
Main 'Design and Build' Contract Award	August 2020
Detailed Design commences	August 2020
Detailed Design completes	June 2021
Main construction commences	October 2020
Main construction completes	April 2022
Station fully commissioned	June 2022

Table 1.0 University Station, Project Programme (Provisional)

Funding Profile

- The original FBC contains an application for £6.0m of LGF (now also GPF) funding towards the then total £42.9m anticipated capital cost. The project budget has also increased to £56.0m as a result of additional information from the procurement process. The increase in costs are due to the following reasons:
 - The limited competition due to the low number of respondents to the tender;
 - The costs of COVID-19 uncertainty being priced into the contractor estimates;
 - The requirement for WMCA to build additional provisions into the budget for risk as a result of the pandemic; and
 - Additional costs for meeting the Commonwealth Games end date against a more compressed schedule following delays attributable to COVID-19.
- The additional costs of £13.1m are being funded by WMCA and was approved on 24 July 2020. At the time of writing, £29.6m has been approved and signed, £15.4m has been approved “in principle” and the remaining £5.0m University Hospital Birmingham is scheduled for signing by 31 July 2020.

Value for Money

8. The project sponsor provided a Present Value of Costs (PVC) of £5.6m, and a Present Value of Benefits of (PVB) of £107.6m. The project has a very high Benefit to Cost Ratio (BCR) under both WCMA's Masterplan approach (19.2) and the DfT EDGE approach (2.57) indicating high value for money.

Project Outputs and Outcomes

9. The project outputs and outcomes are highlighted in the Full Business Case:

Primary Project Output Description	Delivery Date
Category B Station and Facilities (including lifts, toilets, café/shop, ticket office and machines, CCS, CCTV)	2022
New wider platforms, extended platform canopies, new second footbridge over railway line and footbridge over canal into UoB campus.	2022
Landscaped public realm outside main station building	2022

Table 2.0 University Station, Outputs

Additional Output Description	Output Quantity
Jobs Created / Safeguarded (9 Rail, 6 Retail, 15 NHS ACDC)	30
Commercial Floorspace Created (sqm)	1445
Commercial Floorspace Refurbished (sqm)	140
Outcome Description	Outcome Quantity
Improved Passenger Capacity / Throughput – reduced delays	Av. Time Saving 1.5mins AM Peak
Reduced Dwell Times	PM Peak reduction of 60 seconds
Reduced Parking Demand	Not Specified
Higher Station Usage	Journey Growth Increase
Public Transport Modal Shift / reduced road congestions (car)	27% new rail demand

Table 3.0 University Station, Additional Outputs and Outcomes

Conclusion

10. In summary, University Station is a project with a strong strategic rationale. It is a complex project and has subsequently suffered some delays both in terms of the finalisation of the funding package and project development. However, significant progress has been made in the last couple of months and the current programme indicates completion by the Commonwealth Games in June 2022. Supervisory Board are recommended to note the investment of £6.0m towards University Station project.

Appendices (Available on Request)	
A	Independent Technical Evaluation, 13 March 2020 (revised 6,23 & 27 July 2020)

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