

Birmingham City Council

Report to Cabinet

17th March 2020



Subject: Clean Air Zone Contributions to West Midlands Combined Authority Transport Schemes

Report of: Interim Director, Inclusive Growth

Relevant Cabinet Members: Councillor Waseem Zaffar - Transport and Environment
Councillor Tristan Chatfield - Finance and Resources

Relevant O &S Chairs: Councillor Liz Clements – Sustainability and Transport
Councillor Sir Albert Bore – Resources

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Are specific wards affected?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No – All wards affected
If yes, name(s) of ward(s):		
Is this a key decision?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, add Forward Plan Reference: 007285/2020		
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, provide exempt information paragraph number or reason if confidential: Not applicable		

1 Executive Summary

- 1.1 Full Council declared a climate emergency in June 2019 and set a target to be carbon neutral by 2030. To achieve this a Route to Zero taskforce has been set up which is formulating a strategy and action plan to enable the Council to meet its target. A new sub programme of the Transportation and Highways Capital Programme 2020/21-2025/26 (THCP), has been created covering Brum Breathes and Route to Zero which commits £49.667m to tackling these issues between 2020/21-2025/26, including £47.855m in 2020/21. The Birmingham Clean Air Zone (CAZ) forms a key part of the Council's strategy under this sub-programme and is due to be implemented in summer 2020. As well as improving air quality in

the city centre, the CAZ is forecast to generate a net revenue income stream which under legislation must be used for the purpose of directly or indirectly facilitating the achievement of local transport policies of the authority, From a Council perspective the first priority for the use of CAZ net proceeds will be ensuring achievement of mandated clean air targets.

- 1.2 The THCP 2020/21 to 2025/26, as approved by Cabinet on 11th February 2020, includes CAZ net revenue surplus as a funding stream, where its use has been approved through a Full Business Case (FBC) or other process. The THCP 2020/21 to 2025/26 (and subsequent annual updates) will include further schemes to support this sub-programme at the appropriate time, subject to available funding, if the City Council has a role in their delivery.
- 1.3 To this end, the proposed new rail stations at University (serving the University of Birmingham and the Queen Elizabeth Hospital), and on the Camp Hill Line at Moseley, Kings Heath and Hazelwell, together with the reintroduction of Cross-City buses, support the CAZ as key delivery components of the City's transport strategy Birmingham Connected, the Birmingham Development Plan 2031 (adopted) 2017 and the Draft Birmingham Transport Plan (BTP, as approved for public consultation by Cabinet on 21st January 2020).
- 1.4 The funding and delivery of these schemes is the responsibility of the West Midlands Combined Authority (WMCA) in supporting the city on its journey to tackle climate change, reduce transport's damaging impact on the environment and people's health whilst making the most of opportunities to support the economic growth and development of the city.
- 1.5 This report seeks approval for the Council to provide resource contributions to the WMCA for the proposed schemes, funded from the net proceeds of the CAZ. The funding is dependent on timely implementation of the CAZ and subject to generation of an appropriate level of net proceeds; prioritisation of the use of CAZ net proceeds (the first priority being to ensure achievement of mandated clean air targets) and WMCA having the necessary approvals and funding in place including WMCA approval of the Full Business Cases. Where insufficient CAZ net proceeds have been accumulated by the time they are required or where prioritisation has been given to other schemes, WMCA will be responsible for securing alternative gap funding for the delivery of the schemes set out in this report.

2 Recommendations

- 2.1 Approves, subject to the City Council's Gateway and Related Financial Approval Framework (GRFAF), and pursuant to the delegations set out in recommendations 2.2 to 2.10:
 - 2.1.1 A capped revenue funding contribution of £3.400m to WMCA from the proceeds of the Clean Air Zone towards delivery of the University Station redevelopment scheme.

- 2.1.2 A capped revenue funding contribution of £5.218m to WMCA from the proceeds of the Clean Air Zone towards delivery of the Camp Hill Line Stations scheme.
- 2.1.3 A capped revenue funding contribution of £4.225m to WMCA (TfWM) from the proceeds of the Clean Air Zone towards delivery of the Cross City Bus scheme.
- 2.2 Delegates authority to negotiate and finalise Conditions of Grant Aid agreements (COGAs) for the funding, up to the amounts set out in 2.1.1 to 2.1.3, to the Assistant Director Transport and Connectivity, in consultation with the Leader of Birmingham City Council and relevant portfolio holders, noting that the COGA will not be finalised until FBCs have been approved by the relevant bodies as set out in recommendations 2.8 and 2.9 below.
- 2.3 Notes that the funding contributions will only be available where sufficient CAZ net proceeds have been accumulated, after resourcing CAZ operational requirements and prioritised schemes, with due regard to other funding commitments made by Cabinet.
- 2.4 Notes that it is the responsibility of WMCA to fund any overall shortfall in funding should accumulated CAZ net proceeds be insufficient to cover the stated contributions.
- 2.5 Notes that the profile of the funding contributions identified is indicative, based on WMCA requirements, and that WMCA will be liable for any shortfall or related costs where the funding is provided at a later date.
- 2.6 Notes that an additional contribution of £0.5m Integrated Transport Block (ITB) capital funding for the delivery of University station, was approved by Cabinet on 11th February 2020, as part of the Updated Transportation and Highways Capital Programme 2020/21 to 2025/26 Annual Programme Update;
- 2.7 Notes the FBC for University Station in Appendix A, and that this FBC and the FBC for Camp Hill Line stations will be approved by WMCA. The City Council's approval as a Local Planning Authority, will be through the planning application process.
- 2.8 Notes that the FBC for Cross City Bus will be approved by WMCA. The City Council's approval as a Local Highway Authority, will be through a Cabinet report in summer 2020 covering the FBC including highway impacts and an agreement with WMCA covering the delivery mechanism for works on the highway and resourcing of ongoing revenue and maintenance implications.
- 2.9 Authorises the Acting City Solicitor to negotiate, execute, seal and complete all necessary documentation to give effect to the above recommendations.

3 Background

University Station

- 3.1 The proposed new University rail station building is being promoted by West Midlands Rail Executive (WMRE), on behalf of WMCA, through the West Midlands

Rail Programme (WMRP). The existing station was built in 1978 for 0.5m passenger journeys per year, and as a result suffers from severe congestion in peak periods; in 2018/19 3.97m passenger journeys were made through the station resulting from the growth of the University and Queen Elizabeth Hospital sites. With continued passenger demand growth there will be key passenger and staff safety concerns and the potential need to close the station in the busiest periods in the near future.

- 3.2 The proposed scheme is to create a facility with sufficient capacity to improve safety and reduce efficiency problems and to enable the growth detailed within the University Hospital's Masterplan, as well as support the successful delivery of 2022 Commonwealth Games (CWG); the University of Birmingham is hosting the hockey and squash events. A new station building will provide improved capacity and safety to help to promote the area's growth into a nationally significant hub for learning, at the forefront of medical research especially, creating employment opportunities and improving Birmingham's educational services. The immediate area around the station is the second largest employment site in Birmingham outside the city centre, and is part of the Selly Oak Green Travel District (GTD), promoting the use of active modes (walking and cycling) in local travel. The GTD vision is for Districts with less congestion, less pollution, fewer accidents, and healthier, safer, more productive communities.
- 3.3 Modal shift benefits are predicted to increase to £1.8m by 2040 as a result of the scheme, (modal shift from the car to public transport - including car trips to/from the area around the station through or close to the CAZ boundary, from the north/north west of the city). These benefits include improvements to local air quality, reduced greenhouse gas emissions, reduced noise, traffic congestion relief, infrastructure savings, and reduced accidents. More information on the University Station project is included in Appendix A with the station delivery programme shown in Appendix B.
- 3.4 Cabinet is therefore recommended to approve a £3.400m contribution from the net proceeds of the CAZ, towards the total station cost of £42.900m.

Camp Hill Line Rail Stations

- 3.5 The Camp Hill Line rail services and proposed new stations at Moseley, Kings Heath and Hazelwell are also being promoted through the WMRP and will directly connect labour markets to new jobs. The stations are planned to be completed by the end of 2022 and will promote the use of public transport and, lead to better connectivity between Birmingham's local economic centres with better access to the city centre, supporting further economic growth in the region by directly connecting existing and new homes and jobs. The new stations are supported in the Birmingham Development Plan (BDP) and the draft BTP, and will directly serve 58,000 residents, will maximise the opportunity to serve new housing and jobs identified in the BDP - including but not limited to the City Centre Enterprise Zone and the HS2 Curzon station.

- 3.6 The CAZ aims to reduce the number of non-compliant vehicles within the CAZ boundary, encouraging behavioural change and modal shift. The three new stations will provide an ideal railhead for commuters travelling from the south-eastern side of Birmingham, with the stations having been designed to encourage access to them by walking or cycling, rather than driving to the stations, further reducing local air quality impacts and reducing carbon emissions.
- 3.7 Cabinet is therefore recommended to approve a £5.218m contribution from the proceeds of the CAZ, towards the total stations' cost of £52.178m.

Cross-City Bus

- 3.8 On the 30th September 2019, the Government announced funding for the West Midlands to make buses faster and more reliable as part of A Better Deal for Bus Users guidance. The funding, for over £24 million in bus priority measures including new bus lanes, bus gates, shelter upgrades and junction improvements, is focused on Birmingham city centre and links connecting to the south and west of Birmingham and Dudley.
- 3.9 The reintroduction of Cross-City buses will provide improved penetration and accessibility by public transport in the city centre, helping to create a more sustainable city, decoupling growth and pollution and therefore contributing to the success of the CAZ and the Route to Zero Carbon aspirations.
- 3.10 Cabinet is therefore recommended to approve a funding contribution of £4.225 m from the CAZ net proceeds, as part of the total £28.5 million package of new bus priority measures, benefitting over 73 million passengers per year.
- 3.11 The Cross-City Bus measures would be delivered by Transport for West Midlands (TfWM), in partnership with the City Council as Highway Authority for Birmingham, and with other local authorities, by the end of 2021/22.

4 Options considered and Recommended Proposal

- 4.1 The rail stations in this report have already been through WMRE's value management process and design changes made, with attendant cost savings made as a consequence. Therefore, de-scoping of the rail station designs is not considered to be a viable option. For Cross-City Bus, any value management undertaken would be reflected in the FBC.
- 4.2 Where insufficient CAZ net proceeds have been accumulated by the time funding contributions are required or where prioritisation has been given to other schemes, WMCA will be responsible for securing alternative gap funding for the delivery of the schemes and any related costs (including borrowing).
- 4.3 It is therefore recommended to approve the recommendations set out in section 2, to enable WMCA to proceed with the delivery of the schemes set out in this report.

5 Consultation

Rail Stations

- 5.1 Consultation regarding the rail stations has been led by WMRE and undertaken through public consultation exercises, regular meetings, Elected Member briefings and written correspondence. Planning applications have been submitted to the City Council for University (to be determined), Kings Heath (approved on 6th January 2020) and Hazelwell (approved on 30th January 2020) stations, with the application for Moseley station to follow in Spring 2020.

University Station

- 5.2 A public engagement exercise for University station was undertaken in August and early September 2019, including drop-in sessions at the station, in Selly Oak centre, at the University of Birmingham and at University Hospital Birmingham as well as website articles with the opportunity for public feedback on the designs. 77% rated the overall impression of the new station as very good or good however, 12% rated this as very poor or poor.
- 5.3 The public and Members also have the opportunity to comment on the planning applications for all the rail stations in this report, during the formal planning application consultation periods. Consultation feedback is being considered by the design teams and is subject to the views of Planning Committee. The consultations have attracted substantial involvement from the local community and stakeholders, and the response to the proposed stations is largely positive.
- 5.4 Suggestions for improvement to the University station proposals centred on both aesthetic and functional components and on the need to make adjustments to the access to the station building and platform level to improve the quality of access for mobility impaired users. Comments were also made on improvements to the positioning of cycle parking and access by cyclists.

Camp Hill Line Stations

- 5.5 A public consultation exercise was undertaken for the Camp Hill Line stations in November and early December 2018, including public drop-in sessions in the vicinity of the stations, Ward Members and Cabinet Member briefings, presentations to Brandwood and Kings Heath Forum and Moseley Forum, and website articles with opportunity for public feedback. In addition, a targeted letter was issued to stakeholders.
- 5.6 A key requirement raised for the Camp Hill Line stations has been the need to mitigate impacts of on-street car parking and traffic movements around the stations. For Kings Heath and Hazelwell stations, planning conditions require that a review will be undertaken of actual impacts in the first six months of the station opening to examine the specific nature and extent of measures, which would be subject to local public consultation through the Traffic Regulation Order (TRO) process, and similar such measures are being discussed for Moseley.

Cross-City Bus

- 5.7 Consultation regarding the first Cross-City Bus scheme will be led by TfWM and will be outlined in the future Cabinet report regarding the FBC.

6 Risk Management

- 6.1 There are overarching risks for all the schemes in this report, that sufficient CAZ net proceeds are not accumulated, and are therefore not available to meet the proposed profile of expenditure and/or that the schemes are prioritised below other calls on CAZ net proceeds (e.g. additional mitigation measures to ensure air quality compliance is reached). Therefore, WMCA will need to ensure that alternative funding sources are available and WMCA will be liable for any shortfall or related costs.
- 6.2 The risk registers for all the schemes set out in this report are managed by WMCA and summaries are included at Appendix C, key risks and mitigation are as follows and overleaf.

University Station

- 6.3 Risks for University Station are as follows:
- The station is not fully funded. WMCA continues to work closely with the City Council and third party funders to assemble a funding package for the station;
 - The station is not approved by Planning Committee. WMRE continues to engage with the City Council regarding the current planning application for the station.
 - The planned entrance to link the station and the canal towpath is not deliverable which would impact on access by disabled users to the station - WMRE is continuing to seek to resolve this through discussions with the Canals and Rivers Trust, the City Council and West Midlands Trains (WMT).
 - Scheduled Monument Consent (SMC) is not granted for undertaking work near Birmingham's Roman fort site, Metchley Fort - mitigations include revised designs and regular engagement is occurring with Historic England and the City Council.
 - Restrictive covenants on the station land to prevent its use as a railway station and to restrict retail activity cannot be released - WMCA is negotiating with the University of Birmingham and Calthorpe Estates to get these covenants released.

Camp Hill Line Stations

- 6.4 Risks for the Camp Hill Line stations are as follows:
- The stations are not fully funded - WMCA continues to work closely with the City Council and third-party funders to assemble a funding package for the stations.

- Operating the rail services into New Street Station is not feasible - WMRE continues to closely engage with Network Rail and West Midlands Trains on further timetable modelling work to report in April 2020.
- Moseley station planning application is not approved - WMRE continues to engage with the City Council regarding the forthcoming planning application for the station, particularly with regard to addressing concerns about on-street car parking and traffic movements impacts, and the proposed change in the Moseley station design (since public consultation) to remove the Woodbridge Road access from scope.
- Potential delay to opening of Moseley station due to relocation of a badger sett - WMRE is working closely with Network Rail to minimise this risk.
- Infrastructure issues around the rail tunnel, track-bed and signalling at Moseley may lead to delays in the programme - WMRE continues to engage with Network Rail regarding resolving these risks.

Cross-City Bus

6.5 Risks for the first Cross City Bus scheme are as follows:

- That the scheme is not fully funded - TfWM continues to work closely with the City Council and local bus operators to assemble a funding and delivery package for the first cross city bus package;
- Objections from landowners to WMCA acquiring land to deliver the scheme may delay the programme and/or increase costs - WMCA will undertake discussions and negotiation with affected landowners;
- Objections to the scheme resulting in potential delays and / or cost overruns - consultation requirements with residents, business and passengers across the Cross-City Bus scheme, will be undertaken by TfWM with the support of the City Council and local partners;
- Delivery of the scheme may negatively impact on the local environment - environmental considerations will be addressed through scheme designs and consultation, where TfWM will work with the City Council, local partners and stakeholders to minimise the impact on the local environment.

7 Compliance Issues:

7.1 How are the recommended decisions consistent with the City Council's priorities, plans and strategies?

7.1.1 The proposals align with policy objectives in the City Council's Plan 2018-2022 (as updated in 2019), the Birmingham Development Plan, the Draft Birmingham Transport Plan, Birmingham Connected, the Health and Wellbeing Strategy, and the West Midlands Strategic Transport Plan "Movement for Growth".

- 7.1.2 The proposals set out in this report will support the City Council's actions to improve air quality, including delivering the CAZ, by encouraging modal shift to public transport use.
- 7.1.3 The schemes support the additional climate change commitments agreed by Cabinet on 30th July 2019 following the motion on Climate Emergency passed at the full City Council meeting of 11th June 2019, including the aspiration for the City Council to be net zero-carbon by 2030.
- 7.1.4 More specific compliance evidence for the proposals in this report in terms of how they support delivery of the CAZ and Route to Zero, is shown in section 3. Further evidence will be developed as part of the CAZ proceeds prioritisation process and the FBCs for the schemes.

7.2 Legal Implications

- 7.2.1 The proposed use of CAZ funds is in line with the statutory requirement to apply net proceeds from the CAZ towards 'directly or indirectly facilitating the achievement of local transport policies of the authority' as set out in the Transport Act 2000.
- 7.2.2 The funding contributions set out in the recommendations in this report will be subject to COGA between the City Council and WMCA, to agree appropriate terms and conditions relating to the projects and proposed capped funding contributions including phasing of payments.
- 7.2.3 WMCA is expected to enter into legal agreements with the City Council to allow highway works to take place. The City Council will retain the Network Management Duty as per the Traffic Management Act (2004) including the processing of permanent and temporary TROs.
- 7.2.4 Planning and any other consents or approvals required for the schemes set out in this report are the responsibility of WMCA. The first Cross-City Bus scheme will be the subject of a separate report to Cabinet regarding the Full Business Case which will set out legal implications of that scheme.
- 7.2.5 Section 1 of the Localism Act 2011 contains the Council's general power of competence and Section 111 of the Local Government Act 1972 contains the Council's ancillary financial and expenditure powers in relation to the discharge of its functions.

7.3 Financial Implications

Capital Costs

- 7.3.1 The total capital costs are University Station: £42.900m; Camp Hill Line stations: £52.178m; and Cross-City Bus: £28.500m. Details of anticipated funding sources and profiled expenditure is included in Appendix D and will be subject to confirmation as part of the individual

scheme FBCs. Delivery and funding of the scheme proposals in this report is the responsibility of WMCA.

- 7.3.2 The proposed third-party contributions will be the responsibility of WMCA to secure. The proposed funding contributions from the City Council are from CAZ net revenue proceeds and are therefore set out in the revenue implications section below. A contribution of £0.500m Integrated Transport Block capital funding for the delivery of University station, was approved by Cabinet on 11th February 2020, as part of approval for the 2021/22 to 2025/26 Transportation and Highways Capital Programme.
- 7.3.3 The City Council would be required to undertake certain tasks such as design checks, site inspections and TROs in its role as Highway Authority, and the likely cost and method of reimbursement will be agreed with WMCA and reported as part of the governance for each scheme.
- 7.3.4 These works will be subject to legal agreements between the City Council and WMCA. These legal agreements will not be subject to Bonds from WMCA, as they are a public-sector body and the scheme is predominantly public-funded. In the unlikely event of non-performance by WMCA then the legal agreement would give the City Council power to step in and complete works. The City Council would have to underwrite the resulting costs initially but would be able to recover these costs from WMCA under the terms of the legal agreement.

Revenue Implications

- 7.3.5 Part 3 of the Transport Act 2000, section 12, paragraph 8 requires that net proceeds of a charging CAZ scheme shall be applied by a local authority “for the purpose of directly or indirectly facilitating the achievement of local transport policies of the authority”. In line with this the Charging Order Report approved by Cabinet on 25th June 2019 identified a number of indicative themes and projects including provision of match funding contributions to ‘new or upgraded public transport projects’. This report seeks approval to provide funding contributions, subject to the caveats detailed in 7.3.6 below, to the following schemes:
- a) A capped revenue funding contribution of £3.400m to WMCA towards the University Station redevelopment scheme;
 - b) A capped revenue funding contribution of £5.218m to WMCA towards the Camp Hill Line Stations scheme;
 - c) A capped revenue funding contribution of £4.225m to WMCA (TfWM) towards the Cross City Bus scheme.
- 7.3.6 Contributions are dependent on timely implementation of the CAZ and subject to generation and accumulation of a sufficient level of net proceeds (net of all operating costs) and prioritisation with due regard to

other funding commitments approved by Cabinet (noting the first priority being to ensure achievement of mandated clean air targets).

- 7.3.7 The profile of the contributions detailed in Appendix D is indicative, based on WMCA estimated requirements. Where insufficient CAZ net proceeds have been accumulated by the time funding contributions are required or where prioritisation has been given to other schemes, WMCA will be responsible for securing alternative gap funding for the delivery of the schemes and any related costs (including borrowing).
- 7.3.8 CAZ income, expenditure and net proceeds will be monitored through regular updates to the CAZ Executive Board and quarterly financial reporting processes to Cabinet. As the Council mobilises for the implementation of the CAZ, work is ongoing to provide regular financial monitoring information related both to implementation and ongoing business as usual (including regular income and expenditure forecasts). Annual programming will be subject to revision as part of the annual Transportation and Highways Capital Programme report to Cabinet.
- 7.3.9 Current approved commitments against CAZ net proceeds include the following:
- City Centre Public Realm Programme: £15.478m;
 - Hydrogen Bus Pilot Gap Funding: £3.289m;
 - Private Hire Vehicle Grant (CAZ Mitigation), contribution to running expenses of a fully electric or long range plug in hybrid vehicles: £2.000m (over 10 years).
- 7.3.10 Other revenue implications of the rail station schemes (i.e. through ongoing maintenance of highway works) will be covered in highway agreements, through the planning application process.
- 7.3.11 Other revenue implications of Cross City Bus scheme/s, including any ongoing repairs and maintenance responsibilities that fall to the Council following implementation and identification of funding sources, will be set out in future Council FBC reports in summer 2020, in line with the Council's Gateway and Financial Approvals Framework.

7.4 Procurement Implications

- 7.4.1 The procurement of all elements of the schemes in this report and associated requirements will be the responsibility of WMCA. As required by WMCA, the contracts will include commitments for Social Value, including boosting the local economy and creation of local job opportunities.

7.5 Human Resources Implications (if required)

- 7.5.1 The schemes are being managed by WMCA, and the City Council's input will be undertaken using existing internal resources, with support from external consultants when required.

7.6 Public Sector Equality Duty

- 7.6.1 A Diversity Impact Assessment (DIA) has been produced by WMCA for University Station and is attached at Appendix E, City Council officers have been involved with preparation of the FBC documents including the DIA and support its conclusions. DIAs will also be produced for the Camp Hill Line stations and Cross-City Bus in line with the process in the recommendations. The City Council Equality Analysis in Appendix F (EQUA443), covering all schemes discussed in this report, states there will be either a neutral or positive impact on all protected characteristics and groups under the Equality Act 2010, and that further assessments are not required.

8 Appendices

8.1 List of Appendices accompanying this report:

- Appendix A – WMCA Full Business Case for University Station
- Appendix B – University Station Programme
- Appendix C – Risk Assessments
- Appendix D – Anticipated Funding Sources and Profile
- Appendix E – WMCA Diversity Impact Assessment for University Station
- Appendix F – Birmingham City Council Equality Impact Assessment (EQUA443)

9 Background Documents

- 'Birmingham Mobility Action Plan White Paper; Birmingham Connected': approved by Cabinet on 17th November 2014.
- 'Clean Air Zone: Charging Order and Indicative Allocation of Net Proceeds': approved by Cabinet on 25th June 2019.
- 'Draft Birmingham Transport Plan': approved for public consultation by Cabinet on 21st January 2020.