

## Transport Capital Review

# Independent review of West Midlands Combined Authority's transport capital projects



# Transport capital review

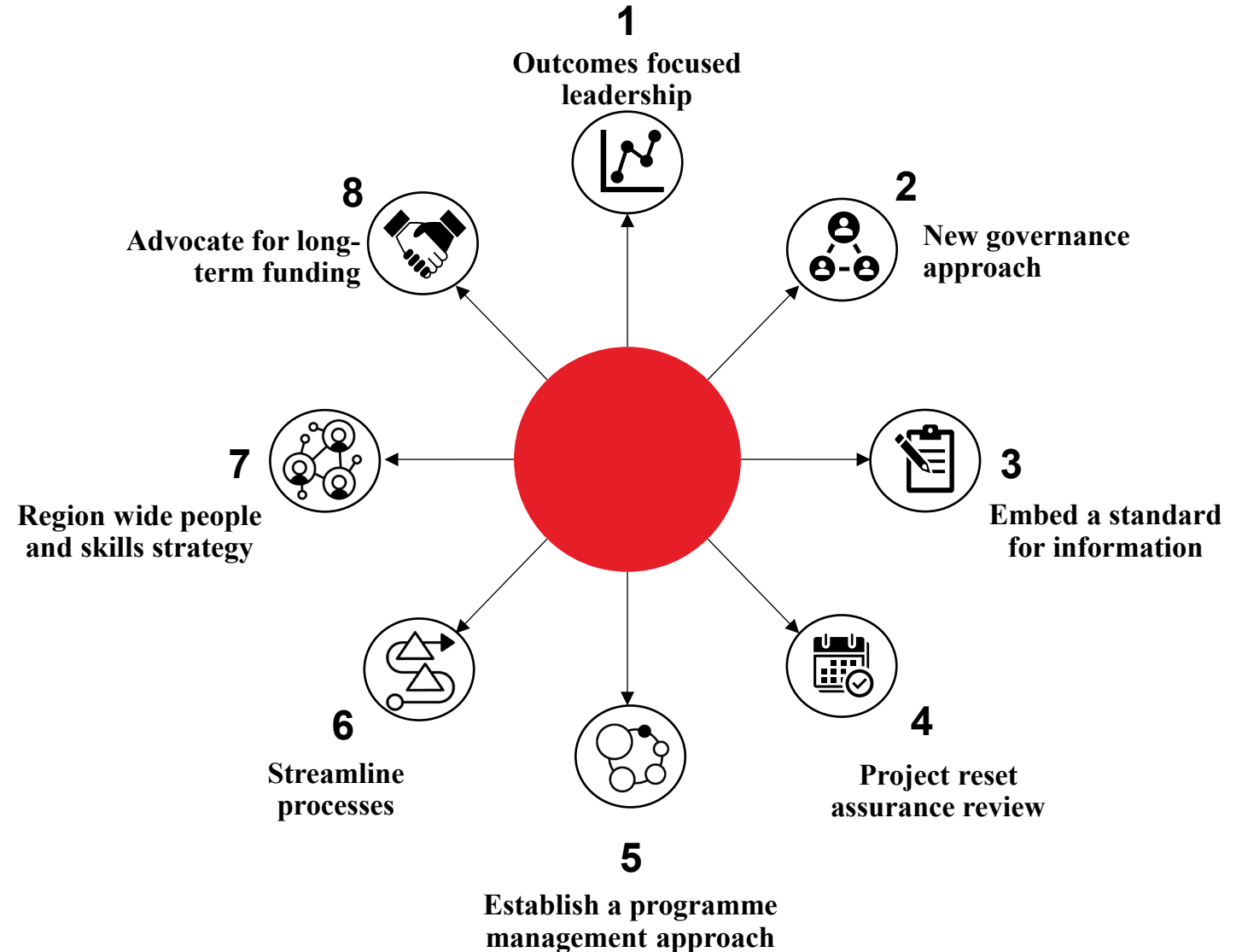
## Purpose and overview

Arup has been commissioned to conduct an independent transport capital review on behalf of West Midlands Combined Authority (WMCA). The objectives of the study are to conduct a review of all current and planned transport projects for which WMCA is accountable body, including a review of delivery against current objectives and priorities, issues faced which may impact delivery, and expectations of meeting set deadlines.

We based our findings on evidence and data obtained from interviews with senior leaders across several authorities in the region, along with self-reported updates on transport projects and programmes collected via two structured questionnaires.

We have distilled our findings into **eight key recommendations** – presented in this document - that the Mayor and the Combined Authority can begin to take forward.

We are greatly encouraged by the level of engagement with this review process from senior leadership and project managers – this response has been more positive and reassuring than our experience from previous reviews (outside of the West Midlands) and shows that the region is better placed than many to meet delivery challenges.



# Transport capital review

## Unpacking the key themes emerging from the review

### 1 Introduce outcomes focused leadership to achieve cross-organisational alignment and a clear line of sight to - and accountability for - outcomes for the region

Expected delivery:  
1 - 6 months



Leaders must be accountable for the outcomes being delivered, ensuring that every decision made aligns with these goals. This clarity helps in maintaining focus and driving the organisation towards its strategic objectives.

**It is recommended that the Mayor implements a delivery-focused leadership approach. This would involve a comprehensive review of the roles of the Mayor and local political leaders, governing boards, and existing processes.** The aim is to ensure that success is measured by the delivery of outcomes, specifically through the timely and budget-compliant

completion of planned projects.

The change in approach needs to be supported by:

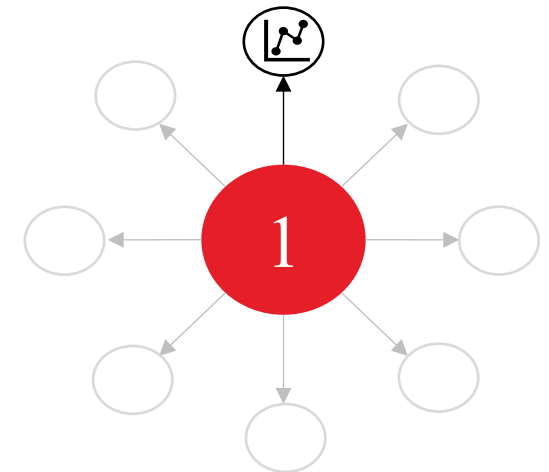
- Developing joined up region wide objectives;
- Implementing a SPEED type methodology on projects to identify and clarify the scale of opportunity
- Identify interfaces that are impeding delivery across all authorities and 3<sup>rd</sup> party organisations;
- Strategic risk management to enable senior leadership of strategic risks.

**A framework should be put in place to ensure all teams are held accountable for achieving the set goals.** Any delays in project delivery must be justified, ensuring that there is a valid reason for any deviations from the plan. This accountability framework helps in maintaining momentum and ensuring that projects are completed as planned.

A shared commitment to delivery is crucial. The guiding question for all teams should be: “How can we make this happen?” This mindset fosters a

collaborative and proactive approach to overcoming challenges and achieving the desired outcomes.

In order to achieve this, **it is recommended that the Mayor oversee the development of a region wide Collaboration Charter that fosters a culture of openness, transparency and joint working.**

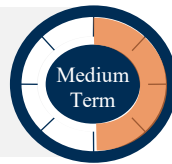


# Transport capital review

## Unpacking the key themes emerging from the review

### 2 Implement a new approach to governance with integrated expert support to facilitate effective decision-making that unlocks delivery

Expected delivery:  
**6 months – 2 years**



There are established governance structures in place designed to oversee and manage various projects. These structures are intended to ensure that projects are executed efficiently and in alignment with strategic outcomes.

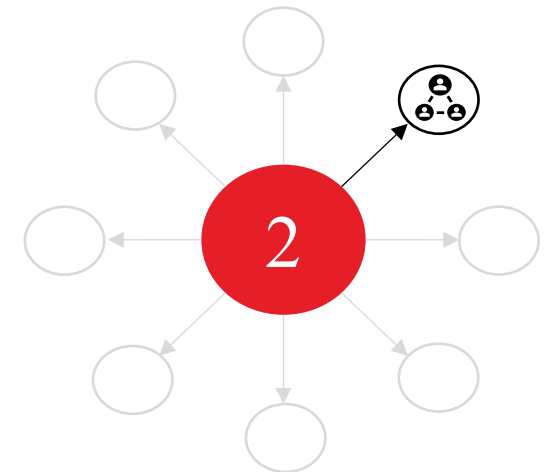
In order to achieve an outcomes-focused leadership approach, it is vital that the decision-making boards and bodies are able to provide effective scrutiny and support for the projects. This requires them to have sufficient information about the projects in the context of the outcomes sought and the wider programme, to have the expertise – or access to expertise – to interpret

and challenge that information, and to drive forward decisions that facilitate swift and cost-effective delivery. In other words, the core role of the decision-making boards needs to be to ensure delivery of the outcomes, and therefore of the programme.

**It is recommended that clear Terms of Reference (ToR) are agreed that outline the roles, responsibilities, and accountabilities of all involved parties.**

Local politicians, in particular, are being asked to lead capital delivery programmes that are far beyond their usual scope of expertise. This mismatch can lead to challenges in project execution and oversight. **We recommend they are supplied with expert support to enact their role effectively.**

Empowering decision makers with the expert support they need, and holding them accountable for delivery, is key to achieving outcomes-focused leadership.

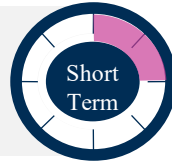


## Transport capital review

### Unpacking the key themes emerging from the review

#### 3 Embed a standard for information and reporting requirements across the portfolio

Expected delivery:  
1 - 6 months



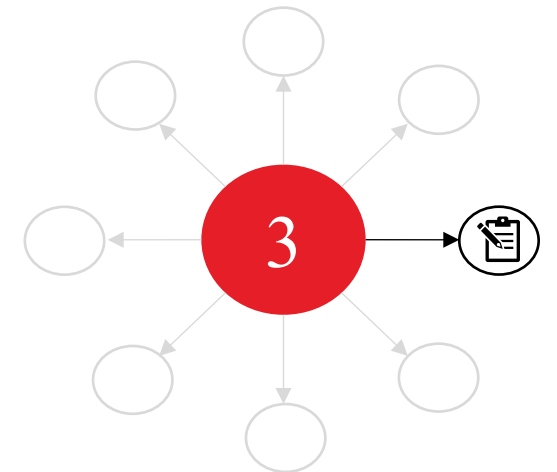
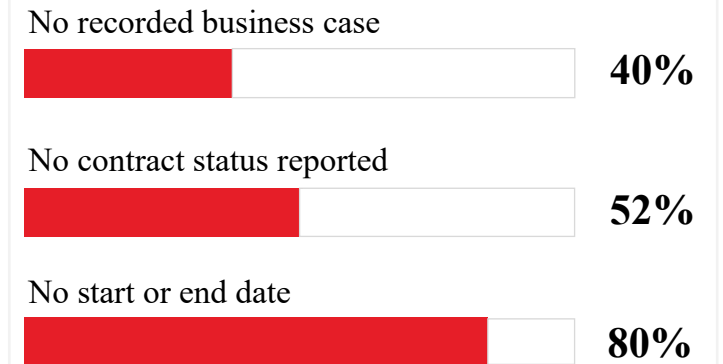
It was evident in carrying out this review that the information held about projects across the portfolio is not readily accessible, consistent or complete (see **Figure 1**). TfWM is making progress in standardising terminology, language and reporting for project delivery as part of the Programme and Project Architecture workstream. **We would recommend that this approach is adopted across the region and embedded within WMCA's Single Assurance Framework.**

The data gaps identified in this review have led to challenges in making informed recommendations on the delivery confidence of projects and programmes across WMCA's transport portfolio. **We recommend that a subset of potentially concerning projects**

**should be identified as a priority for a deep dive review to determine necessary measures at both project and authority levels.** These projects should include those where delivery to time and budget lacks credibility, based on the information supplied, and those presenting the highest risk to successful achievement of outcomes. The difficulty in data gathering highlights the need for standardised data management across the portfolio, with regular updates through simple reporting periodically at local boards and quarterly to WMCA .

Focus on key financial performance, programme delivery and risk information as well as key governance milestones will not only enable senior level leadership and intervention where necessary, but also inspire a greater degree of focus and professionalism in project delivery across the entire programme of works. The difficulty in obtaining key PMO information suggests that this focus has to date not been in place. This would also help identify projects that are no longer active or projects that should no longer be considered part of the active portfolio, for example because they are complete to their funding stage.

**Figure 1: data collection issues - all authorities**



# Transport capital review

## Unpacking the key themes emerging from the review

### 4 Undertake a project reset assurance review to identify the greatest risks to delivery

Expected delivery:  
1 - 6 months



Capital delivery is challenging, and it is clear from our review that the region has made significant progress in readying itself for success, with many projects at an advanced stage of delivery. However, there are some strategic blockers, which are putting successful delivery at risk – and we believe there are some quick wins that could deliver real change within the next 18 months. This is particularly important given two-thirds of CRSTS projects were recorded as being at an early stage of development and realistically may not be delivered by March 2027 unless swift action is taken.

A change in political administration at both a region and national level possess **an opportunity for a ‘project reset’ assurance review of key projects and programmes of work, which we recommend is undertaken.** The aim of this review will be to identify

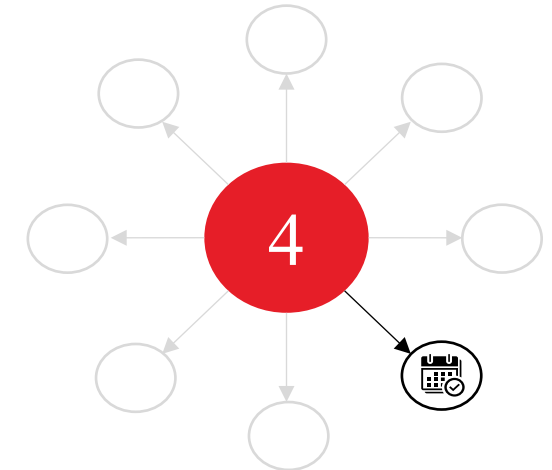
priority projects with the greatest risk to delivery and undertake deep dives to increase the level of confidence in scheme costs and outcomes; mitigate against specific risks; and develop strategies that seek to remove barriers to delivery.

#### Example output of a project deep dive

Theme	Rating	Delivery confidence assessment
Achievability of objectives and benefits	●	Scope reduced following recent affordability review.
VfM variance since Strategic Outline Case;	●	Increased cost pressures and reduction in scope impacting VfM
% forecast cost variance compared to budget	●	Mature design and stakeholder support. Some cost risk remain due to pending statutory processes and 3 <sup>rd</sup> party interfaces.
% forecast schedule slippage	●	Significant in period schedule variance. Low confidence as delivery schedule beyond funding deadline.
Capacity/capability to deliver	●	Team in place and early contractor involvement.

#### Example summary rating

Rating	Criteria Description
●	Successful delivery of the project is in doubt with major risks or issues apparent in a number of key areas. Urgent action is needed to ensure these are addressed and establish whether resolution is feasible.



## Transport capital review

### Unpacking the key themes emerging from the review

#### 5 Establish a programme management approach at an authority level and explore the feasibility of implementing a pan-region programme management approach

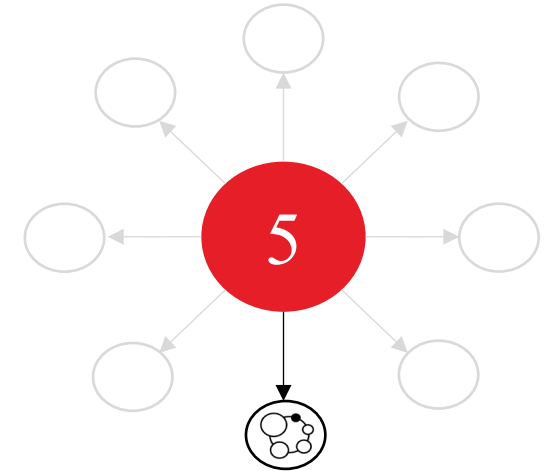
either case, the assurance and governance approach needs to be such to maintain the focus on outcomes and outputs management.

Expected delivery:  
2+ years



Beyond the immediate portfolio approach, **we would recommend a review is conducted to explore options for managing projects as a programme, which would bring efficiencies and better risk management, though it is challenging to achieve across authorities. This should be considered by officers and political leaders locally and discussed with the DfT.**

We would envisage that in the medium to long term horizon, programmes of work are created either by the interrelatedness of outcomes, or by the most efficient delivery structure and procurement route available. In

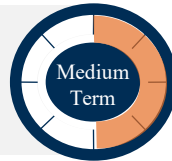


# Transport capital review

## Unpacking the key themes emerging from the review

### 6 Streamline processes to cut unnecessary bureaucracy, introducing a smarter, scaleable framework that is proportionate to risk

Expected delivery:  
**6 months – 2 years**



TfWM and local authorities have varying project management processes that do not fully align, necessitating improvements. Efforts are ongoing to enhance these processes, including implementing recommendations from the 2021 Arcadis TfWM maturity assessment and establishing a new Programme Management Office.

Further improvements could include early involvement of operations and maintenance teams, better risk quantification, a greater focus on operational readiness before project handover, and a focus on outcomes.

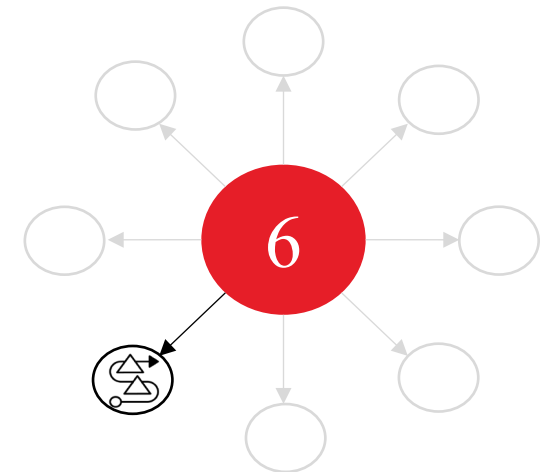
The Single Assurance Framework (SAF) has improved quality issues and is rightly seen as vital. However, challenges remain in its practical application and in wider approvals processes, causing delays.

**We recommend a delivery-focused review is undertaken to provide opportunities for WMCA to simplify and speed up processes, especially for smaller, lower-risk projects, balancing risk management, value for money, and effective delivery.** In order to achieve this, we recommend the following key steps:

- Cross-authority task forces are put in place to explore aspects such as early supplier engagement and quantification of risk and develop a shared solution.
- Develop a more proportional, streamlined process to be implemented for smaller projects and for early-stage funding settlements (for example, where funding is being sought to produce a business case).
- Identify a possible approach to reducing duplication in approvals processes for LA projects.
- Streamline financial approval processes to eliminate the need for additional approvals when funding has already been authorised.
- Put in place some simple processes to improve interactions with the SAF process - such as a single point of contact, tracked comments log, and regular

meetings between CA and LA staff. We also recommend that upskilling is undertaken to ensure reviews focus on material changes and delays are not incurred due to unnecessary focus on minor changes.

- Master agreements could be made between local authorities and WMCA to allow changes to be added as annexes, instead of creating bespoke agreements on a case-by-case basis.



# Transport capital review

## Unpacking the key themes emerging from the review

### 7 Champion a region wide people and skills strategy

Expected delivery:  
2+ years



Authorities across the region are struggling with a lack of skilled staff and insufficient resources, with recruitment and retention an ongoing challenge. Where teams have the skills they need, they lack resilience and are dependent on a few key people.

**A region-wide skills plan should be developed, supported by a resource plan including region-wide measures to improve recruitment and retention of staff and contractors – with a key focus on a one-team approach.**

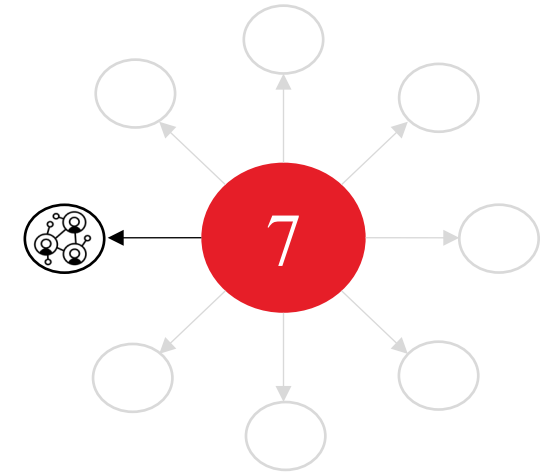
Authorities should explore how they can draw on social value commitments from their supply chain to support the skills plan. In particular, focus is needed on the skills of support teams such as finance, legal and

commercial. This issue was also raised by Arcadis in 2021.

**We recommend a cross-authority task force to create an open and collaborative culture and implement measures, such as:**

- Co-locating team members part-time,
- Cross-authority working groups,
- Clarity over decision making processes and the role of each authority within those,
- Identifying how WMCA can support delivery,
- The development of centres of excellence and shared support,
- Programmes of collective upskilling, and
- Better sharing of lessons learned.

Furthermore, we recommend providing an escalation route for urgent projects, so decisions can be obtained swiftly.



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## Unpacking the key themes emerging from the review

### 8 Advocate for long-term funding

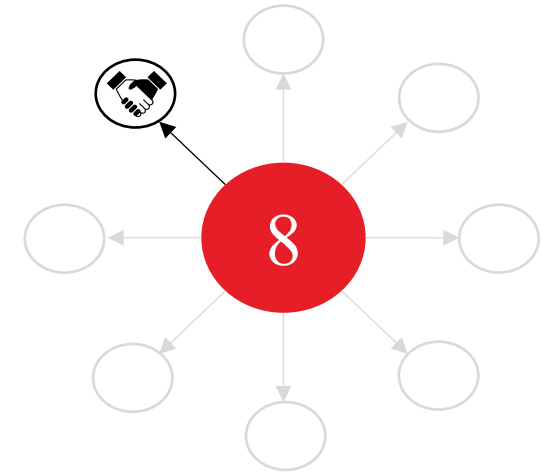
Expected delivery:  
2+ years



It is also important to consider integrated partnerships between the public and private sector for major infrastructure projects, where the public sector proactively drives stability and confidence in private sector investment. This will allow more infrastructure to be delivered and faster by leveraging private investment and alternative delivery models.

There are some strategic blockers imposed by the funding requirements set out by DfT. **We recommend a review is undertaken to identify the key structural blockers and untapped opportunities in more detail and set out topics for negotiation with Government over a short, medium and long-time horizons.**

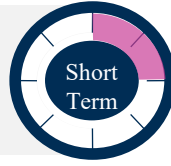
Over the short term, this should focus on unproductive processes and be more realistic about long term planning e.g. removing expectation to over-programme whilst over the long term, this should include opportunities for further devolution. For example, making risk budgets available without more evaluation.









# Transport Capital Review

## Summary of recommendations by expected delivery timeline




Expected delivery:  
**1 - 6 months**



-  The Mayor to implement a delivery-focused leadership approach – involving a comprehensive review of the roles of the Mayor and local political leaders, governing boards, and existing processes.
-  A framework should be put in place to ensure all teams are held accountable for achieving the set goals.
-  The Mayor to oversee the development of a region wide Collaboration Charter that fosters a culture of openness, transparency and joint working.
-  TfWM Programme and Project Architecture should be adopted across the region and embedded within WMCA's Single Assurance Framework.
-  A subset of potentially concerning projects should be identified as a priority for a deep dive review to determine necessary measures at both project and authority levels.
-  Undertake a project reset' assurance review of key projects and programmes of work.





Expected delivery:  
**6 months – 2 years**



-  It is recommended that clear Terms of Reference (ToR) are agreed that outline the roles, responsibilities, and accountabilities of all involved parties.
-  We recommend that local politicians are supplied with expert support to enact their role effectively.
-  A delivery-focused review is undertaken to provide opportunities for WMCA to simplify and speed up processes, especially for smaller, lower-risk projects, balancing risk management, value for money, and effective delivery.

Expected delivery:  
**2+ years**



-  A review is conducted to explore options for managing projects as a programme, which would bring efficiencies and better risk management, though it is challenging to achieve across authorities. This should be considered by officers and political leaders locally and discussed with the DfT.
-  A region-wide skills plan should be developed, supported by a resource plan including region-wide measures to improve recruitment and retention of staff and contractors – with a key focus on a one-team approach.
-  We recommend a cross-authority task force to create an open and collaborative culture and implement measures.
-  A review is undertaken to identify the key structural blockers and untapped opportunities in more detail and set out topics for negotiation with Government over a short, medium and long-time horizons.

Transport Capital Review

## Project level summaries

# Introduction

## Our approach to assessing the project database

Surveys were issued to all delivery teams and projects managers responsible for the 197 projects.

We received 100% engagement across all projects, within the brief 5-day window the survey was open.

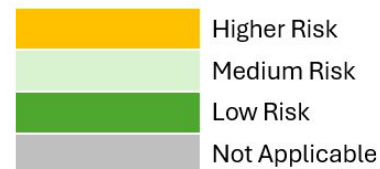
The survey included 26 questions across nine topics:

- Benefits/ outcome management
- Design status
- Programme risk and status,
- Procurement status
- Planning, consent & 3<sup>rd</sup> party agreements,
- Stakeholder support,
- Resources,
- Anticipated final costs
- Progress reporting.

A dashboard was developed to visualise the responses from the project managers, enabling quick and efficient analysis of project health status. Each category was given a risk level dependent on project maturity and level of information available. In doing so, we have been able to highlight key trends and patterns from the data provided.

Example scoring is highlighted below:

Theme	Score
Business Case	Medium Risk
Design Status	Higher Risk
Programme Risk	Higher Risk
Procurement status	Medium Risk
Planning/ consents	Medium Risk
Stakeholder support	Higher Risk
Resources	Low Risk
Final anticipated cost	Higher Risk
Reporting	Low Risk



The results from three project examples – indicated below – have been provided in the following pages

- 1 Aldridge Station**  
The scheme is for a single platform station to be built near Aldridge town centre.
- 2 Camp Hill**  
The scheme would reintroduce a stopping service at 3 stations- Moseley Village, Kings Heath and Pineapple Road (in Hazelwell).
- 3 Wednesbury to Brierly Hill tram extension**  
The scheme includes a two-phase extension; with the first to Dudley Town Centre expected to open for passenger services in autumn 2025. The second phase will see the route further extended to Merry Hill, in Brierley Hill, with work expected to ramp-up for in 2025

## Aldridge Station

**Feedback received indicates that the project has recently been deferred due to delays and cost pressures.**

The current plans are for a single platform station to be built near Aldridge town centre that would be initially served by a half-hourly diesel shuttle service to Walsall, where passengers could interchange with electric services to and from Birmingham. However, the project has already been deferred. It is understood that supported infrastructure is needed to provide connections into Birmingham New Street via Walsall or Sutton Park.

At the end of July 2024 only £308k has been spent on the project, which has an anticipated project life budget of £30 million. (TFWM Database).

In September 2024, the project manager reported a BCR of 1 was calculated using a cost estimate of £22.4 million. Given the project budget of £30 million the current project's BCR will be less than 1.

The PM reported that the project's main cause of variance to project timescales is "funding availability". Of the project £30 million budget, funding for only £3.6 million has been secured and approved via SAF and the remaining £26.4 million has not yet been secured. However, there is a budget revision pending for this project.

The PM reported that the project can be delivered within the current budget, however "Scope uncertainty remains on highways and additional footbridge".

Project budget	Current business case stage	Lead organisation	Benefit Cost Ratio (BCR)
£30m	Strategic Outline Case	TfWM/ WMCA	1

Theme	Score	Commentary
Business Case		BCR of 1, which is expected to reduce further. The project has been deferred, so work has stopped and therefore it is not on track to meet its deadlines or objectives.
Design Status		No surveys have yet been carried out due to the early stage of the project, which has passed feasibility stage.
Programme Risk		Only a high-level initial schedule/program has been completed. A QRSA has not been completed, and the PM's confidence in the expected completion date is low.
Procurement status		An outline and detailed design contract has been let, which is cost reimbursable.
Planning/ consents		Land acquisition and 3rd party agreements have been partially acquired, but the planning application, access agreement process and public consultation have not started.
Stakeholder support		No consultation initiated. Freight operators do not support the proposals.
Resources		There is confidence that 50-90% of internal resources are in place and recruited to deliver this project. The supply chain has been consulted on the readiness to deliver the project and confirmed their capability is adequate.
Final anticipated cost		The current cost estimate was calculated by a cost consultant, no QCRA has not yet been carried out and therefore the cost is expected to increase if contractors were to quote.
Reporting		Reporting to the WMCA occurs quarterly.

## Camp Hill Line

**Feedback received shows a positive picture, but the project has been significantly delayed and additional budget requested**

The Camp Hill line is located between Birmingham New Street and Kings Norton. This scheme would reintroduce a stopping service at 3 stations- Moseley Village, Kings Heath and Pineapple Road (in Hazelwell). The service is initially planned to operate to New Street station but would utilise Midlands Rail Hub at Moor Street in the future. Services were planned to commence by the end of 2024, but this has been postponed to autumn 2025 (from Dec 2023).

In September 2024, the project manager reported that there was £8.6 million contingency budget and stated: "Performance of Principal Contractor is key to achieving delivery in budget, Commercial performance has been poor in terms of evidencing cost. Some scope challenges also remain with both highway authority and rail industry".

Project budget	Current business case stage	Lead organisation	Benefit Cost Ratio (BCR)
£69m (£62m spent)	Construction/ delivery	TfWM/ WMCA	1.24
Theme	Score	Commentary	
Business Case		All business cases required for the project have been delivered and the project is under construction. The latest BCR estimate is 1.24 calculated using an estimate of £99.2m	
Design Status		Phase 2 is well underway, with a detailed design in place and all surveys completed.	
Programme Risk		The project has a construction stage schedule in place, with construction expected to be completed by the end of October 2025. However, the PM has reported low confidence in the expected completion date due to several reasons, however there is a QRSA and detailed schedule in place.	
Procurement status		A construction delivery contract is in place, which is a target cost contract, and the project manager is confident that procurement is not a potential risk to the project timescales.	
Planning/ consents		Land acquisition and 3rd party agreements have been partially acquired, but the planning application, access agreement process and public consultation have not started.	
Stakeholder support		A consultation process has been completed and there is a formal agreement in place.	
Resources		Resourcing is identified as low risk, with the project having 90-100% of internal resources in place and the supply chain has been consulted on the readiness to deliver this project.	
Final anticipated cost		The total funding approved and secured for this project is £69million of which 90% has already been spent as of end of July 2024. Additional funding is potentially required to complete the project.	
Reporting		Reporting is not identified as a risk, with regular reports to WMCA completed weekly, as well as monthly and quarterly.	

## Wednesbury to Brierly Hill tram extension

Feedback received shows a positive picture with funding allocated, albeit there has been programme extension and a reduction in scope










The 11km tram extension will branch off the current West Midlands Metro line just east of the Wednesbury Great Western Street Metro stop, before heading through Tipton and Dudley to Brierley Hill. The extension will be delivered in two phases.

Phase 1 - to Dudley Town Centre expected to open for passenger services in autumn 2025.

Phase 2 - extension to Merry Hill, in Brierley Hill, with work expected to ramp-up in 2025 and due to complete by 2028.

Source: Wednesbury To Brierley Hill Metro Extension – Midland Metro Alliance

There are also other studies related to sustainable access to the tram stops including Dudley Interchange, which may require further investigation to understand the interdependencies between the projects.

Project budget	Current business case stage	Lead organisation	Benefit Cost Ratio (BCR)
P1 £388m P2 £248.5m	Construction/ delivery	TfWM/ WMCA	1.24
Theme	Score	Commentary	
Business Case		Phase 1 business case delivered. Phase 2 FBC is nearing completion.	
Design Status		Phase 1 is under construction therefore design status is low risk. For Phase 2 an outline design has been delivered and the preliminary surveys are completed.	
Programme Risk		Both phases of the project have completed a QSRA and have either a construction stage or design consultancy schedule in place. However, the project manager for Phase 1 reported medium confidence in meeting the expected completion date.	
Procurement status		Both phases have a construction delivery contract in place. For Phase 1, the contract is cost reimbursable, while for Phase 2, it is a target cost contract.	
Planning/ consents		Both phases have a full planning permission granted, however phase 2 has partially acquired “Land”, “Road, rail or other agreements” and “Any 3rd party agreements”.	
Stakeholder support		The project manager for Phase 1 reporting that consultation is currently in progress. For Phase 2 there is a formal agreement in place.	
Resources		The Phase 1 project manager reported having 90-100% of the internal resources, while Phase 2 has 50-90%, which is appropriate for its earlier stage. The supply chain has been consulted and confirmed their capability to deliver both phases.	
Final anticipated cost		Project managers are confident in delivering the project within the current budget. Both phases have completed a QCRA, with Phase 1 having a £2 million contingency and Phase 2 having a £23 million contingency, as reported by the project managers.	
Reporting		Both projects report progress monthly to the WMCA.	

ARUP