

April 2018

Business Plan 2018/19

Transforming links between people, places
and businesses

West Midlands Metro
Midland Metro Limited

making the difference



Operated by Midland Metro Ltd

Carl Williams

Midland Metro Ltd – Director of Operations

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1 Foreword



Transport for West Midlands (TfWM), on behalf of the West Midlands Combined Authority (WMCA), as the Owner of West Midlands Metro, has approved Midland Metro Limited (MML) to deliver the operations and maintenance of all of its rolling stock, infrastructure, depot and assets.

On the 24th June 2018 MML will take responsibility for the operation and maintenance of the Midland Metro under a Public Service Contract.

Over the first 5 years of the contract the Midland Metro network will double in size with new lines, more trams and new ways of our service being delivered every year.

This is the Midland Metro Ltd Business Plan and sets out the strategy for MML for the year 2018/19 whilst looking ahead to the next 5 years. It encompasses a vision for MML and the values we will adhere to in delivering that vision. This is an exciting time for Midland Metro, and this plan details the challenges and opportunities ahead.

This business plan captures the areas where we need to change, develop and ultimately transform. It identifies a co-ordinated set of principles that will deliver this transformational change. Delivery of this plan will help MML provide a baseline for us to demonstrate our achievements whilst delivering the wider benefits of WMCA's investment plan.

To this end we will set success factors to signpost and indicate our development. These metrics, whilst not exhaustive, will help guide us in this goal.

- Good safety record – maintaining or improving
- Revenues in line or ahead of the commercial model
- Costs in line with budget
- Development of a strong brand and image identity
- Excellent in operational performance
- Improving Customer Satisfaction
- Embed an awareness of sustainability within the business.

This plan is set to commence from the beginning of commercial service for MML. Whilst encompassing the first years trading it is intended to review this business plan after the first 6 months of operation to see if, following transition, the challenges remain the same or need re-appraising.

Carl Williams
Midland Metro Ltd – Director of Operations

2 Midland Metro Strategy

2.1 Our vision

Midland Metro Limited's **Vision**

Transforming links between
People, Places & Businesses

2.2 Our mission

We will achieve our vision by:

Midland Metro Limited's **Mission**



Providing a safe & dependable service



Exceeding our customers' expectations



Making travel more accessible



Operating a sustainable business



Continuously improving



Being a good neighbour & employer

2.3 Our Values & Behaviours

Midland Metro Limited's Behaviours

Collaborative	<ul style="list-style-type: none"> ○ We will work with others to achieve common goals ○ We are respectful and act with integrity ○ We communicate clearly, openly and encourage feedback ○ We share best practice with others
Customer Focused	<ul style="list-style-type: none"> ○ We listen to our customers needs ○ We respect feedback from our customers ○ We deliver the outputs our customers want ○ We keep customers at the core of our business decisions
Challenging	<ul style="list-style-type: none"> ○ We ask questions to clarify understanding ○ We summarise to check understanding ○ We ask for a summary of the alternatives considered ○ We agree the forum to discuss the matter
Committed	<ul style="list-style-type: none"> ○ We will implement safe working practices ○ We will deliver environmentally and sustainability solutions ○ We will be inclusive and develop of our people ○ We will provide value for money on our Metro services
Continuously Improving	<ul style="list-style-type: none"> ○ We will improve our performance and encourage innovation ○ We will drive improvements in our infrastructure delivery ○ We challenge our suppliers to improve ○ We deliver value for money on investments and services, reducing our business risk

2.4 Drivers for change

2.4.1 Network development

WMCA are pursuing an ambitious programme to develop and expand Midland Metro as part of the West Midlands Strategic Transport Plan "Movement for Growth".



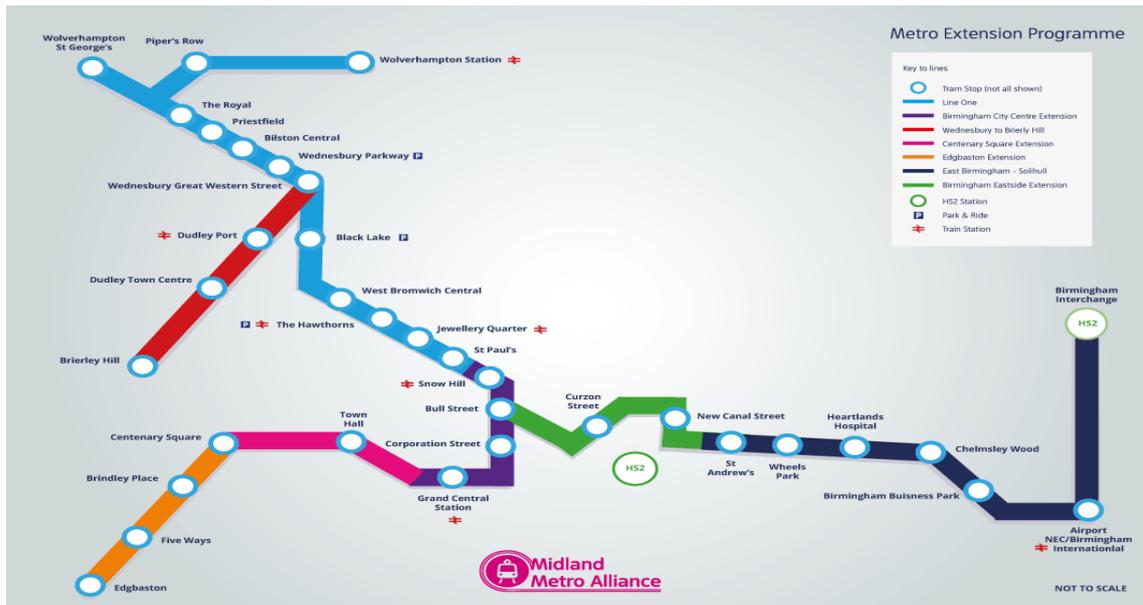
A Midland Metro capital works programme exists, which has seen in the first tranche the delivery of the Birmingham City Centre extension, replacement of the tram fleet, extension of the tram depot and currently the upgrade of trams to enable catenary-free operation on future extensions.

The second tranche of the Midland Metro capital works programme has seen the establishment of an innovative 10-year alliance, the Midland Metro Alliance. The Alliance has been developed to deliver:

- Wolverhampton City Centre Extension,
- Centenary Square Extension,
- Edgbaston (5-ways) Extension,
- Birmingham Eastside Extension,
- Wednesbury to Dudley/Brierley Hill Extension and
- East Birmingham to Solihull Extension.

This intense programme of work will considerably increase the scale of the Midland Metro network introducing new operational and maintenance challenges.

The MML team must actively challenge the Alliance to ensure that this capital investment in new extensions and upgrades represents the best whole life value solutions for the delivery, operation and maintenance of the network.



2.5 Operations and Maintenance

2.5.1 Operations



From June 24th 2018 the responsibility for determining the passenger services, operating those services and providing passenger information and revenue collection will become wholly the responsibility MML. Promotion and marketing of the network will also fall under the control of MML.

The ongoing expansion of the network over the next 10 years requires a flexible and scalable approach to operational planning permitting the service to respond to changes in travel patterns and demand. As the operation of the network becomes more complex, customer satisfaction must be maintained and where possible the customer experience improved.

The 2018/19 operations plan will look to build on the existing reliability of the incumbent operation, whilst identifying improvements that can be readily administered. Following an initial period of transition potential improvements to both the service reliability and the customer experience will be identified and put into this plan. Developing a better customer information and handling response, particularly in times of disruption, is the primary focus in year 1 along with the continuing work on asset management.

A proposed “strengthened” structure will improve the ability of the business in securing more revenues, increasing reliability and delivering an excellent customer experience.

To ensure a continual improvement approach we will implement an enhanced performance monitoring mechanism taking “best ideas” from the UK tram industry. This will help identify areas where action plans can be put in place to assist us in achieving excellence and also in our planning for future expansion needs.

MML must conduct its operations in a manner that ensures continuity of passenger services and that will secure the long-term sustainable operation of the West Midlands Metro whilst providing the required step changes in passenger service capacity and service capability.

2.5.2 Fares and revenue



Ahead of service commencement, MML has developed a fares and ticketing strategy to take the business from the transition date through the first years of operation. The strategy will focus on offering a simple and best-value ticketing solution that the customer will understand and that will enable us to collect and protect our revenue.

A new fares and revenue model will be used to ensure that any changes to products or pricing will not risk our ability to deliver the revenue numbers required in the business plan.

Short- to mid-term aims will be the use of new technology to reduce the volume of cash tickets sold on trams allowing possible discounted prices for advanced purchase of smart, contactless and mobile ticketing whilst giving the added benefit of assisting to help combat fare evasion. Other quick campaigns to secure and retain maximum revenue will be for MML to ensure that trams are staffed with customer service representatives, also, to assess passenger flows and demands and then target these areas with additional resources where necessary. An

“intelligence led” revenue protection strategy will then be developed in light of the knowledge gained.

2.5.3 Marketing



An annual Marketing Activity Plan will be used to define how we will promote the Midland Metro network and support delivery of the business plan financial targets. Sales promotion activity will commence immediately following mobilisation; however, various elements of customer information collateral will need to be in place ahead of the handover date.

Other marketing and communications work streams will involve working with local stakeholders to promote events and activities close to the tram network. Enhanced digital marketing will include the expansion of activity on social media platforms and the creation of a customer database to expand our communications channels.

Survey work and data collection will also form part of the activity plan to allow us to understand the needs and views of both regular Metro users and non-users.

Whilst WMCA will retain the right to approve fares and ticketing policy, there are various technological and procurement options for the ticket sales and revenue collection aspects that we will bring forward in conjunction with TfWM’s ticketing technological initiatives.

The MML team must be ready to understand the effects of fares on demand and revenues, be capable of enhancing fare collection, and be ready to implement emerging ticket sales and retail technology as part of a wider TfWM strategy.

2.5.4 Asset management and maintenance



The new operating contract now clearly defines the responsibilities for management of the assets between MML and the West Midlands Combined Authority (WMCA).

The existing network infrastructure for Line 1 from Wolverhampton to Birmingham Grand Central is owned by WMCA. Whilst the operator is entirely responsible for the day-to-day maintenance of the network, responsibility for life cycle investment, renewals and replacement is WMCA’s responsibility.

The termination audit, conducted by WMCA, has revealed potential under investment in the Line 1 assets over recent years. However, even though the report does not give any immediate areas for concern, MML will work closely with WMCA to agree plans to address the issues raised from the report.

With future network enhancements and extensions being delivered by the Midland Metro Alliance, further complexity in the Asset Management arrangements are created that were not envisaged in the original concession and maintenance arrangements.

“Providing and continually improving safe, dependable and sustainable assets for the most appropriate whole-life cost”

It is apparent from the termination audits that there is a need to better understand the assets and improve and simplify the way that assets are introduced, managed and maintained. Systematic, planned and reactive maintenance that is monitored and assessed against targets is essential to this.

MML will, in the first year of operation, have implemented our new ICT management system (provided by an external contractor) and will support WMCA in implementing a new ISO 55001 compliant asset management system to enable us to deliver assurance of reliable asset condition. These systems will be flexible enough to interface with any associated asset management system or systems being adopted by the wider WMCA.

Four key, asset transition issues of potential concern dictate our asset management strategy and priorities during the plan period, as follows:

- Enhancing asset condition
- Engineering team motivation, competence and resource levels
- Asset management processes suitability, compliance, efficiency and effectiveness
- Asset management integration with the wider MML business processes.

Fully understanding as soon as possible the assets and the asset management system and our teams’ capabilities allows us to focus our efforts according to business risk and business need and to ensure that we meet our primary asset strategic aims of:

- 1 Safe assets that cause zero serious accidents or incidents.
- 2 Asset performance that achieves high levels of customer, employee and owner satisfaction.
- 3 Assets that support the achievement of availability and reliability targets.
- 4 Sustainable assets that support MML’s economic, social and environmental targets.

To deliver this we have set a number of year 1 objectives, set out below, that distil our strategy into focused outcomes; these will be underpinned by targeted development activities and key performance indicators.

MML – Asset Maintenance – Year 1 Objectives

1	Asset Management Plans are implemented for the primary asset categories
2	Comprehensive and up-to-date asset register, understandable and accessible records are in place covering all MML assets
3	A proprietary asset management software system is in place and functional
4	Comprehensive, timely and accurate asset performance monitoring, analysis and reporting is in place
5	Efficient, effective and easily retrievable asset maintenance electronic record keeping is in place
6	MML’s asset management system is compliant with the requirements of ISO 55001 ¹
7	A comprehensive understanding of asset risk and criticality (strategic and operational) informs asset decision making
8	We have a clear understanding of our asset Whole Life Cost and Value
9	Knowledge and lessons learnt from operations and maintenance informs asset specification, procurement and contracts by TfWM and MMA
10	Contracts and warranties are managed and controlled to ensure that claims under warranty are maximised

Note:

¹ – Not certified to ISO 55001 at this time

2.5.5 Rolling stock



The existing fleet of 21 CAF Urbos3 trams are maintained by the “in-house” team at Wednesbury Depot. CAF, as an organisation, have a warranty team housed at the Depot who continue to progress the extended warranty issues. CAF also support the Depot team in the provision of spares and some technical expertise.

The ongoing modification to fit batteries to the fleet will be carried out by CAF at Wednesbury and is due to be complete in May 2019.

MML will look to continue a useful and collaborative partnership during the warranty and modifications works.

Capacity assessments of the workshop at the Depot are being developed by MMA and any future modifications may have an impact on MML’s ability to maintain the fleet whilst work is undertaken. It will be important that the programming of such works are well communicated to MML and that our requirements are fully considered, so as not to affect the delivery of the commercial service.

WMCA will also require additional trams to operate the later extensions as these are delivered by the Alliance.

In the first year MML will carry out a skills analysis of its current workforce to ready itself for the introduction of any future new trams, recognising the additional skills and resources that will be needed to manage and maintain a mixed fleet of vehicles.

The MML team must support WMCA as it develops and expands the fleet to meet the operational requirements of an expanding network and to realise value for money for the existing and future fleet.

2.5.6 Cleaning



The existing arrangement for infrastructure asset and rolling stock cleaning is delivered via an external third party. The intention is to retain this contract until its natural expiry – Oct 2018. MML will assess the suitability and success of this arrangement against a potential “in-house” solution conducted by MML.

A cleaning “standards” Schedule is detailed within the Passenger Services Contract (PSC) and both the current contractor via Service Level Agreement (SLA), and any future arrangement, “in-house” or external supply, will have to adhere to this Schedule.

2.5.7 Safety



Under current tramway safety legislation, duty for safety of the network falls with the bodies responsible for both delivering and maintaining the assets and operating the system. WMCA is the Infrastructure Manager accountable for ensuring the safety of the existing assets. WMCA has discharged these duties accordingly, with the MML contracted to and responsible for discharging certain functions on its behalf. MML is responsible for operating the network and therefore must discharge the duties of a Transport Undertaking.

The Railways and Other Guided Transport Systems (Safety) Regulations 2006 (RoGs) is the primary statutory document by which safety on the tramway is regulated. MML ensures its obligations are met under RoGs through its Safety Management System (SMS). This document is a “living” document that describes how the organisation plans, manages, discharges and reviews how it operates safely. As part of the mobilisation activities the SMS has been reviewed by an external body, and only limited procedural actions have been identified. These actions will be addressed as part of the transition phase. MML will also look to ensure that the new SMS is ISO 45001 compliant within 3 months of service commencement.

MML will actively encourage staff to report all accidents and near misses to assist in identifying potential risks and will ensure there are the relevant systems and forums in which to do this. Managers will be tasked with safety responsibilities and setting objectives, which will ensure safety standards are maintained and improved.

Over the coming year MML will also look to adopt the Rail Maturity Model (RM3). This is an approach for assessing an Operator's ability to achieve excellence in controlling health and safety risk and is being promoted by the light rails regulator – Office of Rail and Road (ORR). Recent audits of the Midland Metro have indicated that the network is well advanced towards achieving a good rating within the model.

MML will re-appraise and clarify the arrangements for safety across the activities of the business with a view to ensuring continued compliance and continuous improvement.

2.5.8 Sustainability



West Midlands Metro is an intrinsic part of the fabric of the West Midlands, and through its expansion it will become a powerful driver for sustainable future growth within the region. As a key partner in this journey MML will ensure that its processes and procedures align with WMCA's goals. MML will also make itself aware of the designs and plans proposed by Midland Metro Alliance so that it can actively participate in ensuring that the Alliance deliverables are in step with the future operational targets.

Key sustainability goals for MML are to:

- Aim to ensure that good sustainability principles are embedded within our cultural awareness and that appropriate training is provided to the relevant staff.
- Look to recruit locally and to engage a workforce that reflects the diversity of the region.
- In our discussions with MMA, take a whole life cycle approach to design of operations and maintenance.
- Attempt to deliver efficiencies through innovation in our operations and maintenance activities.
- Challenge our suppliers as to their attitudes and policy towards sustainability.
- Carry out an initial environmental assessment against ISO 14001.

Once established these principles will allow us to set targets that align with the wider stakeholders so that we can then publish our success on the new MML website.

3 People – Organisation/Structure

3.1 Midland Metro Ltd – Managing People Principles:



Transition is potentially a source of uncertainty and discomfort. Notwithstanding requirements and obligations within the Transfer of Undertaking Protection of Employment TUPE process, our approach will be to welcome the experience and skills existing in the business whilst also seeking opportunities to develop our people and expand our capabilities. Any future change to the structure of the business will only take place following an analysis of the current skills and our future requirements. We will ensure we communicate effectively the great advantages that the future holds for individuals, the Company and the wider West Midlands region.

Whilst the aim will be to have an evolving structure in place, given the nature of change due to the expansion programme, organisational structure will be evolving over the next 5 years and beyond. Initial assessments of the input on our establishment are contained within the Commercial Business Model (Plan).

The proposed MML organisation needs to reflect the requirements of delivering a large transformation programme whilst maintaining business as usual for customers. To support growth and development of the organisation it is intended to implement an MML People Strategy with the assistance of strong employee engagement and organisational change management process. From the People Strategy a people plan and talent matrix will be produced to support the growth from 2018 to 2023 and encompass the business requirements across MML.

A large part of the MML People Strategy will be ensuring that MML is attracting and retaining the right talent with the right skills, knowledge and experience, whilst ensuring we can meet the objective to recruit from the wider West Midlands area and diverse communities. MML has commitment to the Midland Metro expansion programme; furthermore, MML will also explore the opportunity of apprentices and work placements to source from local colleges and schools.

MML recognises the value that every member of staff brings to the team. The MML People Strategy sets out the foundations for the business growth and the transformation up and until 2023.

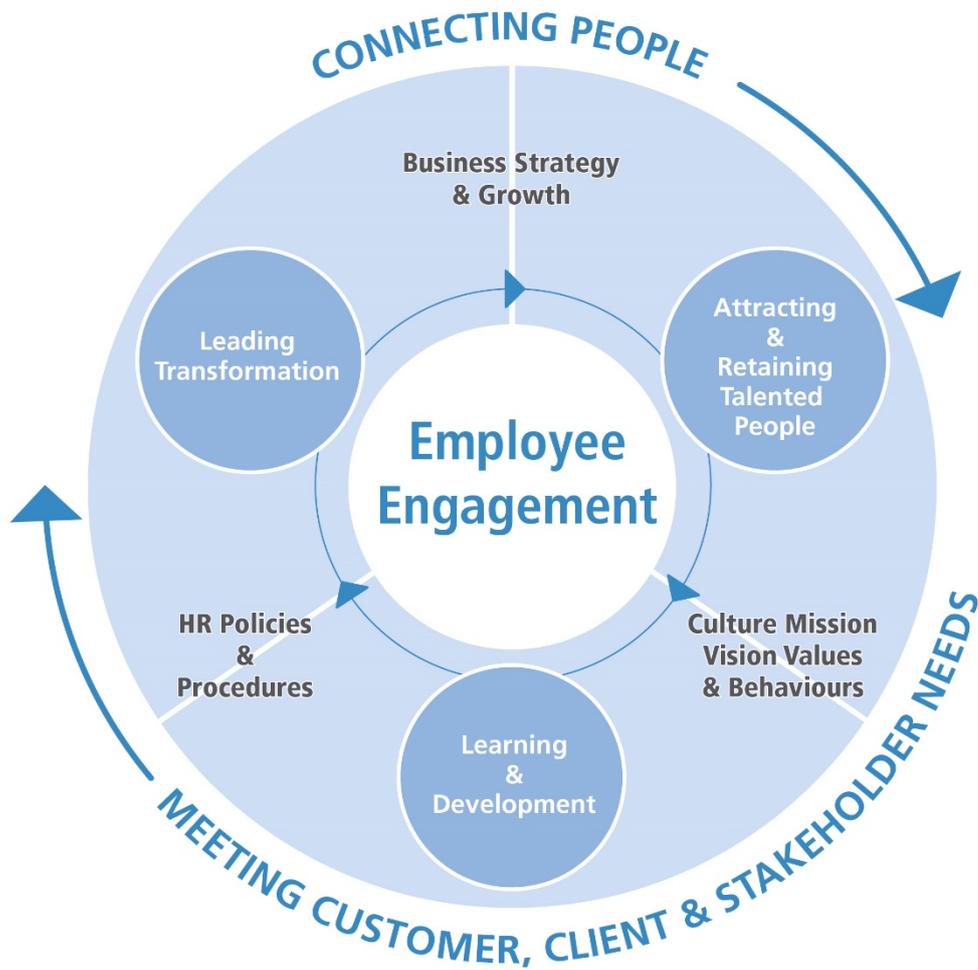
The Principles set out within the People Strategy:

- To attracting and retain the right people and talent who have the right skills experience and knowledge.
- To ensure that MML has the required amount of staff to meet the expectations of customers and stakeholders.
- To create a learning & development environment to ensure that all staff have access to opportunities to develop themselves to their full potential.
- To ensure MML have a highly qualified workforce that is fully recognised externally for training and qualifications and staff have continued access to ongoing learning & development, to support the organisation in meeting its requirement regarding both statutory and regulatory standards.
- To ensuring that we have fair and robust policies and procedures for the management of the workforce and that staff have access to MML policies and procedures which support their daily working activities.

- To recognising that business growth will be a catalyst for the transformation whilst leading the way for innovation and driving the need for different and exciting ways of working such as:
 - Ensuring the organisation's policies and procedures are fully aligned to lead and support the transformational programme.
 - Ensuring business change will be delivered in line with our guiding principles, which are embedded within our culture, mission, visions, values, behaviours, policies and procedures.

- Ensuring that engagement is essential with our staff and stakeholders whilst supporting our staff through the transition period.

The people model shows how all these principles work together to create the People Strategy, and that each element has a distinct role to play in ensuring that MML is able to meet its business growth whilst meeting its customer and service requirements.



3.2 Organisational charts

It is vitally important that in the fluid, expansion lead, environment in which MML will operate, the Company has the experience, dynamism and flexibility within its structure, organisation and processes to help it succeed. Department heads will be given the tools, support and encouragement to assist in them in delivering the business plans. With this, however, comes responsibility and accountability.

Department heads will be empowered to facilitate efficient decision making and to assist them achieving their own and the businesses objectives. The proposed functional accountabilities and responsibilities for the organisation consist of:

- **MML Board** – accountable for the activities of the business and setting the Vision, policy and direction of the business.
- **MML Director of Operations** – with overall responsibility for delivering the desired outcomes for Midland Metro, gathering intelligence, and gaining approval for strategic initiatives and financial expenditure from the MML Board.
- **Functional Department Heads** – with responsibility for their functional requirements identified at the personal reviews, and reporting to the Operations Director on progress, risks and issues of their areas within the business.

The organisation resource charts developed for the business are a representation based on current understanding of the business at the date of adoption of this business plan. These have taken cognisance of the functional requirements and the Change Projects being undertaken to steer the Midland Metro business towards constructing, operating and maintaining a network almost three times the size by 2026.

Organisations and structural charts are attached in Appendix A

4 Midland Metro Future

4.1 Business future transformation

The business as usual and business cultural transformation is centred on managing change within Midland Metro Limited and its supply chain. The objective is to improve the capability of the team, changing behaviours, removing barriers to performance and encouraging forward thinking, planning and innovation, which, in turn, drives efficiencies in delivery of service to our customers.

Achieving this is by having the right resources, competence, behaviours, skills, training and education, and good communication in place, which are all elements key for successful transition.

A number of areas have been identified to assist in delivering this transformation:

- **Business plan 2018/19** – to develop a 5-year business plan for MML.
- **Safety Management System** – to review, develop and implement updates to the Safety Management System suitable for the new operational and maintenance arrangements.

- **Business management system** – a root and branch review and refresh to provide assurance and control of MML’s business activities and our governance.
- **Asset management** – to embed a strategic asset management approach that is fit for purpose and consistent across the network, the organisation and the supply chain.
- **Behavioural change** – to provide the right behaviour framework and embed this in all that we do.
- **Skills, education and training** – to conduct a skills analysis and improve our capability and attract and retain staff.
- **Marketing** – to promote our services to our customers and potential customers.
- **Communications** – to communicate the benefits and implications of change and provide information to our people, customers and stakeholders.

4.1.1 Future operations and maintenance

How we prepare for the future of operations and maintenance is critical in how we maintain and then improve the service we provide.

An essential first step in developing a new culture within the Midland Metro team is to drive efficiencies, improve operational performance and exceed our customer expectations. This will set the platform for continuous service improvement into the future.

Engaging with and then training staff in new processes and procedures that we wish to apply will be an essential part in achieving a successful 5-year programme. Firstly, there will be the transition into MML and then the future works programme that will be a demanding time for the business and those within it.

To assist in the delivery of these varied changes MML will identify an appropriate level of resources as Change Managers for each change as they develop. The post will be to identify and manage the changes that may affect the business and staff alike and programme and plan the appropriate responses.

A number of Change Projects will need to be managed. These are:

- **Operational mobilisation** – to communicate out any process changes for MML following the transfer of the operation and maintenance from the existing operator.
- **ICT network** – to assess training needs required from any new systems and hardware introduced as part of the transfer and the engagement of an External Managed Service Provider.
- **Renewal and refurbishment** – to work with WMCA in the delivery of a series of improvements, refurbishments and changes to the existing network to improve performance or customer experience.
- **Network expansion** – to identify and understand all existing and future commitments that may affect the operation and maintenance of MML and how they relate and interface with the Midland Metro Alliance network extensions programme.

- **Future ticketing strategy** – working with TfWM as they develop a future ticketing strategy and system in line with wider TfWM policy ensuring that recommendations are implemented in a manner that enhances the business and customer experience.
- **Catenary-free operation** – to ensure that any material modifications to vehicles and infrastructure are adequately assessed and approved.

4.1.2 Milestones

The current completion dates for each of these milestones is summarised in the table below:

Milestone	Target Date
<ul style="list-style-type: none"> • Review of original mobilisation change assumptions and report back 	Oct 18
<ul style="list-style-type: none"> • Centenary Square Extension opens • Catenary-free tram operation commences 	Dec 19
<ul style="list-style-type: none"> • New IT Data Room 	June 18
<ul style="list-style-type: none"> • Asset management system introduced 	June 19
<ul style="list-style-type: none"> • Wolverhampton City Centre Extension opens 	June - 20
<ul style="list-style-type: none"> • New ticketing technologies implemented 	Mar 21
<ul style="list-style-type: none"> • Edgbaston Extension opens • Additional Depot and stabling facilities available • New control systems available 	Dec 21

5 Midland Metro Ltd Success Factors

											
	Mission Factors	No harm to people or the environment	Achieve on-tram revenue targets	Improve employee engagement	Control costs at budget or less	Better understanding of disruption due to asset failure	Ensure MML engagement into the WMCA investment programme	Compliance with legal and statutory obligations	Improved customer service results	Maximise our revenue opportunities	
How											
Improve the operational resilience, reliability and safety of the tramway	✓	✓	✓		✓	✓	✓	✓	✓	✓	
Provide a peak service of 16 trams		✓							✓	✓	
Provide turn up and go services; more than 6 trams per hour across the network to a reliability of 98%	✓	✓			✓	✓			✓	✓	
Provide high standards of customer care, and improve customer satisfaction		✓	✓		✓	✓			✓	✓	
Create a network and services that are easy to understand and use		✓				✓			✓	✓	
Provide an attractive alternative to the private car	✓	✓			✓	✓			✓	✓	
Retain and enhance a competent and skilful workforce	✓	✓	✓			✓	✓	✓	✓	✓	
Reduce fare evasion by 30% of current levels		✓							✓		
Conduct an initial ISO 14001 – environmental standard – audit	✓							✓			
Achieve ISO 45001 accreditation for the SMS	✓							✓			

6 Finance

6.1 Financial model

The annual budget supporting the business plan for 2018/19 for MML from 24th June is summarised below.

	2018/19 £,000
Passenger Revenue	8,875
Other Revenue	1,488
Total Revenue	10,362
Operating Costs	
Staff Costs	4,805
Power Costs	929
Engineering Materials	679
System Maintenance	674
Cleaning & Landscaping	478
Premises & Establishment	329
Other Operating Costs	2,468
Total Operating Costs	10,362

7 Risk

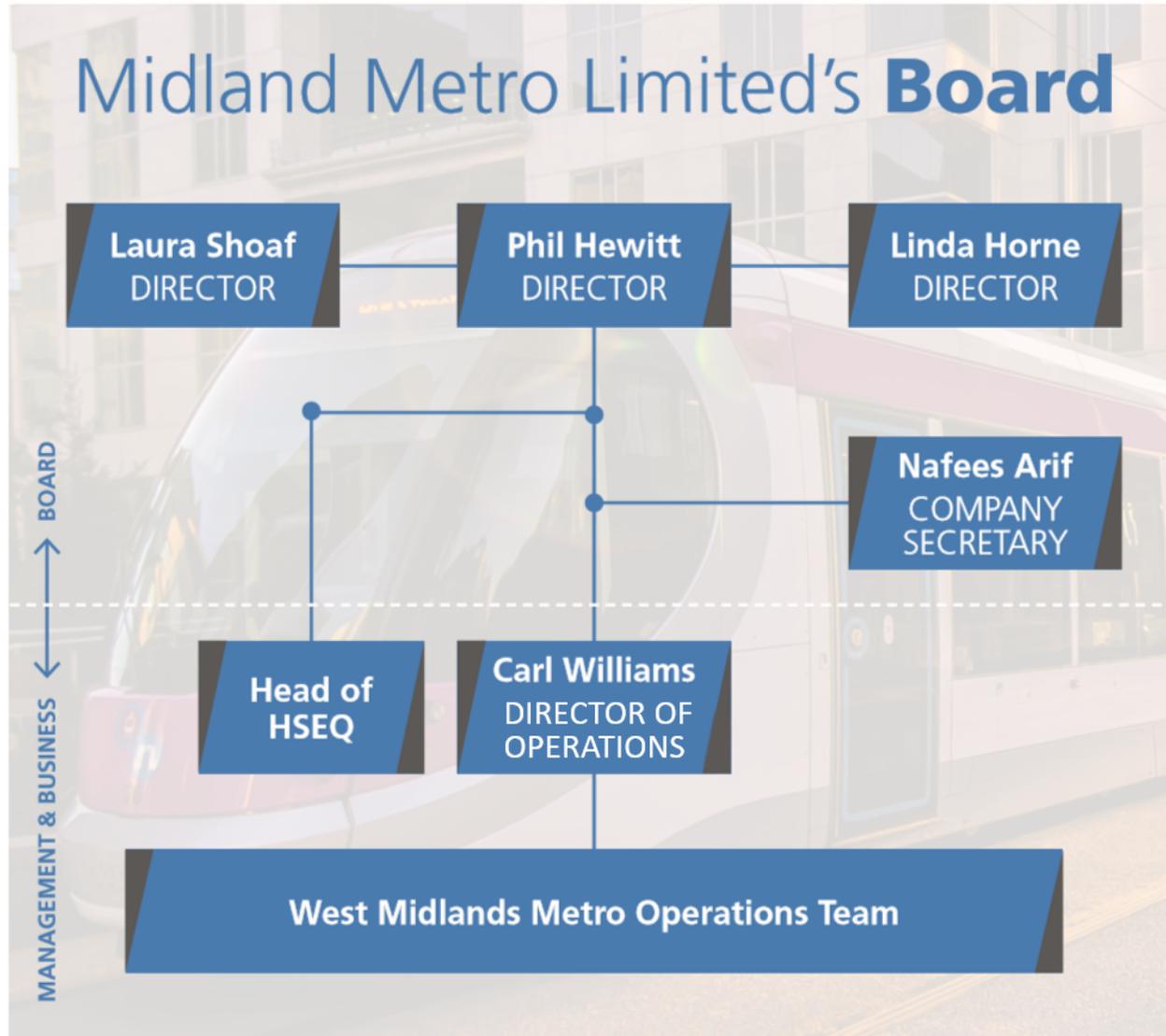
7.1 Risk register

An assessment of the strategic and programme-level risks associated with the delivery of this business plan has been undertaken. The risk register is reviewed monthly in line with the company reports and meeting structure, and any significant elevating or evolving risks are discussed with the Board.

Additional risk registers will be developed for each functional head in respect to the departmental risk associated with "business as usual" activities. Where appropriate, an individual Change Project may also have its own more detailed risk register. These risk registers will be compatible with the strategic and programme-level risk registers, with risks beyond the influence of the relevant functional and work stream leader escalated accordingly.

8 Appendices

8.1 Appendix A: Organisation Resource Charts (June 2018)



Midland Metro Ltd