



Transport Delivery Committee

Date	8 June 2020
Report title	Rail Business Report
Accountable Director	Malcolm Holmes, Director of Rail, Transport for West Midlands Email malcolm.holmes@wmre.org.uk Tel 0121 214 7058
Accountable Employee	Tom Painter, Head of Rail Franchising and Partnerships, West Midlands Rail Executive Email tom.painter@wmre.org.uk Tel: 07432104161
Report has been considered by	Councillor Roger Lawrence – Lead Member Rail and Metro

Recommendation(s) for action or decision:

The Transport Delivery Committee is recommended to:

- **Note** the content of the report

1.0 Purpose

To provide an update relating to the performance, operation and delivery of rail services in the West Midlands including on rail operator partnership agreements and West Midlands Rail Executive (WMRE) activity.

2.0 Section A – Background

- 2.1 Transport for West Midlands (TfWM) and WMRE currently work to influence the management and delivery of rail services and projects.
- 2.2 This report provides a summary of rail activity in the TfWM and wider WMRE areas between January and May 2020.

3.0 Section B – HS2, Williams Rail Review

3.1 Government Endorsement of HS2 Project

On 11 February, the Prime Minister confirmed the Government’s strong endorsement of the HS2 high speed rail project in its entirety and announced:

- Completion of Phases 1 / 2A London to Birmingham, Handsacre, and Crewe “towards end of the decade”
- An HS2 Minister (Andrew Stephenson MP) and Ministerial Oversight Group
- A new “High Speed North” delivery agency to progress HS2 Phase 2B and create a single **Integrated Rail Plan** which includes:
 - Northern Powerhouse Rail’s Trans-Pennine project
 - Midlands Connect’s proposals for the East Midlands Hub station and Leicester – Leeds & Birmingham – Nottingham HS2 services

3.2 “Notice to Proceed” with HS2 Phase 1

The “Notice to Proceed” issued on 15 April 2020 represents the final “go ahead” for Phase 1 (in dark blue on the map) of the HS2 project from London Euston to the West Midlands the existing West Coast Main Line railway near Lichfield.

The ‘Notice to Proceed’ provides formal approval for the detailed design and construction phase with HS2 Ltd entering Stage 2 of the main civils contracts.



3.3 HS2 Phase 1 Revised Business Case

- 3.3.1 The Department for Transport has also published a new [Full Business Case](#) for HS2 Phase 1. The Strategic Case provides evidence that HS2 offers the only viable long-term solution to overcrowding on the rail network transport and will be a major contributor to the objective of levelling up the economy.
- 3.3.2 The Economic Case demonstrates HS2 offers VFM for the taxpayer under all but the most extreme scenarios.
- 3.3.3 The new Business Case also sets out a new set of “Statements of Intent” in relation to the proposed Train Service Specification (TSS) for each of the main stages of HS2’s proposed phased opening.
- 3.3.4 The lack of any proposed Phase 2A services from the two West Midlands HS2 stations is a key cause for concern and one which will need to be given higher profile in future HS2 discussions with government, HS2 Ltd and the rail industry if the optimum outcomes for the West Midlands are to be achieved.

3.4 National Infrastructure Commission Review of HS2 Phase 2B

The government has asked National Infrastructure Commission (NIC) to undertake a review of:

1. Options for scoping, phasing and sequencing delivery of HS2 Phase 2b, Northern Powerhouse Rail, Midlands Connect proposals Hub and other proposed rail investment proposals.
2. How to deliver rail connectivity with Scotland

The NIC launched an initial Call for Evidence to which WMRE and TfWM have responded. The key initial messages to the NIC from a West Midlands Phase 2B perspective were:

- Phase 2b provides a step-change in connectivity between the West Midlands and the East Midlands, North of England and Scotland and puts our region at the heart of the national high-speed rail network;
- It provides new, dedicated high speed rail capacity between the West Midlands and the Leeds / Manchester city regions; and
- It releases capacity on existing lines to the East Midlands and the North, for additional local, regional and freight services.
- The West Midlands needs to be closely involved in any decisions relating to Phase 2b and the outputs which the new high-speed line delivers.
- Connections to the two West Midlands HS2 stations must be improved to maximise and spread the benefits of HS2 more widely across the region. Specifically, this requirement would be supported by completion of:
 - Midlands Rail Hub in its entirety
 - “One Station” connectivity between Curzon St, Moor St and New St stations

- Birmingham International Interchange Hub
- Midlands Connect's Leamington – Coventry rail capacity scheme
- New local stations and services proposals
- Optimising connectivity provided by capacity released by HS2
- The completion of the section of HS2 Phase 2b linking the two West Midlands HS2 stations with East Midlands should be brought forward in order to:
 - Deliver early journey time improvements to the East Midlands Hub Station (and associated economic benefits)
 - Release capacity for additional services on Birmingham – Tamworth – Derby corridor
- Support for Midlands Connect proposals to deliver direct HS2 services from Birmingham Curzon to Nottingham centre
- Support for fast Birmingham – Leeds HS2 services
- However, the proposed delaying of potential Phase 2A West Midlands benefits until Phase 2B has been completed is unacceptable.
 - HS2 Phase 2A services must link both Birmingham Curzon St and the West Midlands Interchange stations with the North West and Scotland;
 - Released capacity on existing railway for additional regional or freight services from Birmingham to Crewe must be realised
 - The potential 50% reduction in journey times between Stoke/Stafford and Birmingham Airport should be delivered

The WMCA Mayor has written separately to raise these concerns with the HS2 Minister, the CEO of HS2 Ltd, and Avanti's West Coast Partnership Development Director.

- The proposed Phase 2b service of just three trains per hour connecting the West Midlands Interchange station with the North similarly fails to reflect the:
 - Existing importance the UKC Hub area (Birmingham Airport, NEC, Resorts World) and its future economic potential; and
 - Importance of the Interchange station as a gateway to HS2 services to the north for key West Midlands centres such as Coventry, Leamington Spa, Rugby and Northampton (*and potential to slash existing journey times to cites such as Manchester, Leeds – even taking into account using the Peplemover from Birmingham International*)
- A connection onto HS2 Phase 2b north of Crewe could provide journey time savings for passengers from Wolverhampton (and Stoke/Stafford/Shrewsbury) changing at Crewe for services to the North West and Scotland

3.5 Williams Rail Review

- 3.5.1 The long awaited Williams Review of the structure of the rail industry has still not been published. However, with all rail franchises now under “Emergency Measures Agreements” (see below), one of the review’s expected recommendations, that of shifting revenue risk from the operator to the Government and replacing franchises with “Management Contracts”, has effectively taken place, at least for the duration of the COVID19 situation.
- 3.5.2 There has even been some speculation in the media that the Williams Review may not now form the basis of a new government White Paper. However, whatever the outcome for the review, TfWM and WMRE will continue to make the case with government for greater local accountability and control over our local rail network.

4.0 Section C – West Midlands Franchise

- 3.1 The COVID-19 outbreak has utterly transformed the UK rail network. Patronage has fallen across the country, with the West Midlands local services showing a c.95% decline in users. During lockdown, New Street station for example was only seeing around 10,000 users on an average weekday, compared with 200,000 pre-lockdown.
- 3.2 Revenues also plummeted as passengers stayed away, calling into question the viability of all Franchisees. In response, on 23 March the government announced that all its Franchisees would be offered the chance to move on to management contracts for a period of at least 6 months. WMT accepted this offer.
- 3.3 As a result, the DfT has temporarily taken cost and revenue risk for WMT, with the operator receiving a low margin fee. This new relationship has been contracted through an Emergency Measures Agreement between the DfT and WMT. This will run until at least September 2020, with the option of extend or curtail depending on the condition of the pandemic.
- 3.4 Throughout the period of the Emergency Measures Agreement (EMA), all of the existing performance regimes have been switched off. These include the punctuality and reliability regime, National Rail Passenger Survey, and Service Quality Regime. These have been replaced with a higher-level Franchise Performance Review mechanism intended to incentivise good performance during the EMA.
- 3.5 The financial regimes have also been temporarily discontinued to reflect new commercial terms introduced under the management contract.

- 3.6 A review is being undertaken of those Committed Obligations that were due to fall during the six months of the management contract. The options available are to retain the obligation in its existing form, delay the obligation until later in the Emergency Measures Agreement term, suspend the obligation until after the Emergency Measures Agreement has ceased, or re-draft the obligation entirely. This review process is nearing completion.
- 3.7 As soon as patronage began to fall and staff began to self-isolate, WMT along with the rest of the UK's rail operators, started to introduce revised timetables. For WMT, these have been phased in over a period of four weeks, starting on 23/03. The initial iteration was neither reliable nor provided sufficient capacity for key workers.
- 3.8 Subsequent iterations of the timetable have proven to be far more robust. Indeed, since the third version of schedules went live on 6 April, nearly every single day has boasted a PPM in excess of 90%, with some days reaching as high as 98.8%. WMT had only managed to exceed 90% 10 times in the previous 11 months.
- 3.9 The strong performance is a consequence of a very limited modular timetable with long-distance journeys broken up (e.g. Liverpool to Euston services as three parts; Liverpool to Birmingham, Birmingham to Northampton, Northampton to Euston) allied to exceptionally low passenger volumes. These twin factors mean that even when things have gone wrong (i.e. track faults or train failures), considerably less overall delay has been caused and the spread of disruption has been contained.
- 3.10 On 18th May a new timetable was introduced across the region. This brought the number of services operated up to around 60-70% of the pre-COVID levels. Although the industry is catering for fewer passengers, trains are being operated to the longest available lengths to permit social distancing. Social distancing measures are also being introduced across stations. These include signage, crowd control barriers, Perspex dividers, extra staff, and awareness announcements.
- 3.11 It is inevitable that the coronavirus pandemic will have long lasting implications on society and the economy. In turn, both of these will affect how people travel. WMRE and DfT are already starting to give some thought as to how best to exit the Emergency Measures Agreement period.

5.0 Section D – Rail Programme

- 5.1 University Station - Three GRIP 5-8 tenders were received 20th March 2020, negotiations are ongoing. Value Engineering exercises are underway to identify opportunities and final submissions are expected 12th June 2020. The Final Business Case is currently going through the WMCA assurance process and approval will be sought at the WMCA Board meeting in July 2020.



Meanwhile, the close out of GRIP 4 is almost complete and agreements are being finalised with the University Hospitals Birmingham NHS Trust in relation to the provision of a Diagnostic Hub at the station. Construction completion is still on target ahead of the Commonwealth Games in Summer 2022.

- 5.2 Perry Barr Station and Bus Interchange – design is progressing well. Proposals to temporarily suspend services at the station during construction have been agreed with West Midlands Trains and a successful public consultation has been delivered by Rail Delivery Group. Options are being evaluated to look at the potential for a de-scoped scheme in light of a GBSLEP funding review. Construction completion is still on target ahead of the Commonwealth Games in Summer 2022.
- 5.2 Camp Hill Line Connectivity - Moseley planning permission was submitted 7th May 2020. Timetable work, being led by West Midlands Trains, has progressed into scenario modelling and results are expected by mid June 2020. The Final Business Case is currently being finalised to accommodate timetable proposals and will be going through WMCA assurance processes with a view to gaining FBC approval in November 2020. Construction completion continues to target December 2022.
- 5.3 Walsall to Wolverhampton Connectivity - design work for both Willenhall and Darlaston stations is drawing to a close with design reviews planned for the next three weeks. Flood risk assessments and overhead electric line clearance

issues have been addressed and approval is due in July 2020. The timetable proposals have now been formally accepted by Network Rail and the Final Business Case is being prepared to enter the WMCA governance process in July. Construction completion continues to target December 2022.

6.0 Section E – West Midlands Grand Rail Collaboration (GRC)

6.1 Following the WMRE Board’s formal ratification (by email) of Alex Warner as the new independent chair of the GRC Strategic Board, Andy Street has stepped down from the role. Alex’s first Board meeting was on 29 April.

6.2 As a former train company customer service director, Alex is keen to realise the potential of the GRC Passenger Delivery Taskforce. Given the issues with punctuality and reliability following the May 2019 timetable change, this group sometimes received less attention than its performance counterpart. However, under Alex this is set to change, and he has already started to engage with the chair of the Passenger Delivery Taskforce.

6.3 Unfortunately, the COVID-19 outbreak has meant that several workstreams under both Taskforces have begun to slow down. Indeed, until lockdown and social distancing restrictions are lifted, it will be difficult for much to be delivered. However, Alex has made it clear that there is no reason why the industry cannot use the current period to expedite the planning and preparation that is essential for any customer facing activity. Indeed, the pause in normal activities that has resulted from COVID-19 may free up people to start thinking about solutions to long standing industry problems, something they have not previously been able to do due to demands on their time.

6.4 The GRC is also helping to lead the industry’s response to the COVID-19 crisis. In advance of the introduction of extra services on 18th May, the GRC created a coordination group to identify any key interdependencies between operator’s plans, and enable information sharing across the industry. Through this agreement was reached on the acceptance of tickets across operators during disruption, and a number of timetable improvements were identified.

7.0 Section F – Rail Investment Strategy and West Midlands Stations Alliance

7.1 WMRE is about to embark on a formal review of its Rail Investment Strategy (WMRIS) in the light of a number of changes in circumstances including:

7.1.1 Changes to HS2 plans and programmes

7.1.2 Impact of Covid-19 crisis on rail demand, usage patterns, etc

7.1.3 Emerging projects and plans from local authority and rail industry partners

7.1.4 Increasing importance of decarbonisation agenda

7.1.5 Increasing importance of performance and resilience in rail planning

7.2 WMRE will be working with partner authorities over the coming months as it undertakes this review. The significant uncertainties relating the impact of Covid-19 means that it will be difficult fully understand how our previous plans might be impacted, and it is likely that differing scenarios may need to be developed.

7.3 In terms of specific projects within the TfWM area, update as follows:

7.3.1 **Midlands Rail Hub** – Midlands Connect still awaiting release of £20M allocated in Budget to allow development of next stage of MRH plans.

7.3.2 **Coventry – Leamington** – WMRE and Midlands Connect commissioning feasibility study into case for full double tracking option following DfT seeking to progress partial option at present.

7.3.3 **Aldridge** – GRIP2 study continues with timetabling work being commissioned

7.3.4 **Dudley Port** – Integrated Transport Hub feasibility study out to tender

7.3.5 **Future New Stations** – TfWM/WMRE submitted three bids to the DfT's new "Restoring your Railway - Ideas Fund" with support from appropriate local MPs (a condition of the application process) for feasibility studies into:

7.3.5.1 Tettenhall Station

7.3.5.2 Coventry area stations: Foleshill; Coundon Road; Binley/Willenhall

7.3.5.3 A new shuttle service connecting the Cross City line at Lichfield with Burton/Derby via a potential new station at Alrewas for the National Memorial Arboretum.

TfWM/WMRE and Walsall Council also supported two "Ideas Fund" bids by Birmingham City Council in for feasibility work on new stations at:

○ Fort Parkway / Castle Bromwich

○ Sutton Park Line

- 7.3.6 **Stourbridge to Brierley Hill** – draft study received from consultants identifying potential future options. Separately TfWM is aware that Pre Metro Operations Ltd submitted an independent “Restoring your Railway - Ideas Fund” bid to investigate a potential light railcar service between Stourbridge Junction and Round Oak/Canal St (for interchange with West Midlands Metro)
- 7.3.7 **Moor Street redevelopment** – future demand study being commissioned
- 7.3.8 **Snow Hill station** – work to coordinate various projects being initiated
- 7.3.9 **Solihull station** – Project Steering Group has identified preferred concept design to proceed to SOBC.
- 7.4 The West Midlands Stations Alliance has undergone a governance restructure, to help strengthen accountabilities, provide a commonality of purpose, and aid the decision-making process.
- 7.5 The new collapsed group merged both Steering group and Exec group and is chaired by one of the partner directors on a six-monthly rotational residency for each director with a review of attendees to the meeting.
- 7.6 WMSA’s first new governance meeting was held on the 6th May 2020 over Microsoft Teams. The meeting was chaired by Jonny Wiseman, WMR Customer Experience Director, who will be chairing WMSA meetings for the first six months. The premise of the meeting was largely to establish a common ground for Stations Alliance moving forward and to focus on a few schemes that had been put forward by each partner Director and to collaboratively source their funding and implementation.
- 7.7 The Stations As Places programme is continuing to deliver prospectuses but has met with some challenges due to COVID-19 restrictions and working under the current Emergency Measures Agreement (EMA) between DfT and WMT. This is largely due to the constraints imposed upon by the lockdown which have impeded the gathering of datasets utilised in the documents and the requisition of resources required to produce these documents. This has impinged on its schedule for delivery. However with regards to community engagement, Stations As Places have successfully managed to run virtual consultation meetings/workshops and have been producing desktop versions of the prospectuses.
- 7.8 Finalised versions of some of the prospectuses can be viewed on the WMSA webpage using the following link:

<http://www.westmidlandsrail.com/strategy/west-midlands-stations-alliance/>

8.0 Section G – Financial Implications

- 8.1 There are no direct financial implications as a result of this update report. Although the latest status position covering the Rail Programme, Rail Investment Strategy and Stations Alliance is for noting in this report there are a number of financial risks and challenges against these that will be need to be carefully considered. This will form a key element as part of progressing the further development and/or delivery of these.
- 8.2 Any costs incurred or support provided by TfWM or West Midlands Rail Executive from supporting the activity in relation to the GRC will be met from within agreed funding and resources.

9.0 Section H – Legal Implications

- 9.1 There are no specific legal implications arising from this report.

10.0 Section I – Equalities Implications

- 10.1 There are no equality implications in relation to this update report. Individual schemes and projects need to undergo in-depth equality impact assessments to ensure inclusion and accessibility compliance.

11.0 Section J – Geographical Scope

- 11.1 This report covers rail services within the WMRE geographical area, which includes the seven authorities which make up WMCA as well as the nine Shire and Unitary authorities which ring the Met area.

12.0 Section K – Inclusive Growth Implications

- 12.1 As an update report for noting, there are no inclusive growth implications associated with the allocation of resources arising from this report. However, the schemes referenced in the report are likely to have the following implications, in line with the Future Generations and Universal Design inclusive growth tests:

12.2 Future Generations:-

The Midlands Rail Hub will be an important mechanism to ensure that the benefits of HS2 are felt across the region in terms of improvements to local rail services and the opportunities those services create. However, the majority of people in this region do not use heavy rail services as part of work and life. The implications of the transition from lockdown – assuming that we retain the aspirations laid out in WM2041 – are that walking and cycling will be vital in order to achieve a balance between connectivity and good health. Buses are the public transport mode of choice for most people in the region, and will

continue to play an important role in the region's future. As such, all investments into heavy rail also need to be made with a view to encouraging people away from car ownership and towards active travel and mass transit. This can be realised in a number of ways, but notably in how stations connect to their localities, and in how train stations and carriages are designed to encourage walking and cycling. This also means that economic improvements that happen ahead of new heavy rail services can still be open to people via public transport.

- 12.3 On balance, the increased heavy rail capacity that HS2 brings is a positive for tackling climate change (assuming that people and freight move by train instead of by road) – however, anything that involves construction has an impact on the natural environment. The commitment to biodiversity net gain must be upheld, and opportunities to improve resilience to locked-in climate change should be designed in, including by developing sustainable urban drainage schemes.
- 12.4 In the interests of building strong regional economies across the UK it is important that stakeholders from the West Midlands are involved in shaping connectivity between our region and the regions of the Northern Powerhouse. Relationships and supply chains cross administrative boundaries. Furthermore, good relationships between the regions will serve the West Midlands well as it seeks further devolution of powers from Whitehall.
- 12.5 Universal Design:-
In improving rail services and assets, new stations and carriages should adhere to universal design principles – ensuring that disability, additional needs or age are no barrier to using a station, its surrounds or a train service safely and logically.