

## Appendix B

# CA2 Heads of Terms

### **Commercial Terms for New Collaboration Agreement Between Secretary of State for Transport and West Midlands Rail Limited (hereafter referred to as West Midlands Rail Executive)**

#### **Principle**

This document is based on the April 2017 Collaboration Agreement, and whilst this will be a whole new agreement between the parties, the principle is that the New Collaboration Agreement will build on the current agreement and unless specified the terms should remain the same for the new contract.

#### **Term**

The Agreement will start when the new contract between the Secretary of State and the operator for West Midlands Trains commences and will run co-terminus with that contract. This is currently planned for [xx] September 2021 until [xx] [March 2026].

#### **Changes to contracting parties**

To reflect West Midlands Rail Limited's change in trading name from West Midlands Rail to West Midlands Rail Executive, the abbreviation 'WMRE' shall be substituted for 'WMR' in Para (2) of the Between clause, and all subsequent references to WMR will be replaced by WMRE.

#### **Changes to Definitions**

- (a) All references to either 2017 WM Franchise or 2017 WM Franchise Agreement to be replaced with 2021 WM National Rail Contract
- (b) Change Rail Investment Strategy or HLOS to Rail Network Enhancement Pipeline
- (c) Change WCSBU to read London Northwestern Railway Business Unit (LNRBU) to include a map as an Annex to the Collaboration Agreement
- (d) Change WMSBU to read West Midlands Railway Business Unit (WMRBU) to include a map as an Annex to the Collaboration Agreement
- (e) Add a definition of WMRE area – WMRE to provide definition and map

#### **Purpose**

Revise purpose to read:

Rail services have a significant impact on the economy and lives of people living and working in the West Midlands. The aim of this Collaboration Agreement is to ensure meaningful local democratic influence over the operation and development of the rail network. The Parties intend to collaborate over the delivery and development of rail services in the WMRE area for the benefit of passengers and the regional economy (Purpose) and the Parties shall each use their respective reasonable endeavours to give effect to the Purpose through the operation of this Agreement.

#### **Changes to Section 6 Phase 1 – rename to General Provisions**

Remove all drafting and replace with a section titled 'Objectives'. These objectives will be that:

- (a) West Midlands Rail Executive (WMRE) to work with the SoS in partnership to manage the WMT rail contract, and in particular lead on non-Reserved Matters regarding the WMRBU.

- (b) For the SoS and WMRE to work in a way which promotes rail as part of an integrated transport system in the WMRE area consistent with the objectives of both organisations
- (c) WMRE to act as coordinator and enabler of collaboration between all SoS rail contracts and Network Rail in the WMRE area, working in partnership with other DfT officials as appropriate in support of delivery of wider WMRE and SoS objectives and operator contract obligations
- (d) Ensure that whilst recognising the constraints of the Reserved Matters, the SoS and WMRE work together throughout the period of the Agreement to enhance the capability of both organisations.
- (e) Anything else the parties jointly agree that should be pursued

**Strategic Board to be deleted and replaced with a section titled ‘Meeting Structure’**

All existing drafting to be deleted and replaced with:

- (a) The Secretary of State (or Minister) shall meet with the WMRE Board Chair and Vice Chairs on an annual basis to discuss the progress in achieving the Objectives and the Purpose.
- (b) A quarterly senior meeting between WMRE and the SoS officials chaired by the Markets Director, North and will include at least: Market Lead, Senior Commercial Manager, Commercial Manager and representatives from Programme Director’s team in Rail Infrastructure from the Department for transport and Executive Director WMRE and Lead on WMRBU Management. This meeting will cover at least the following: current performance and forward look to strategically important matters over the forthcoming 12 months
- (c) An Annual meeting between the Managing Director Passenger Services and the Chair and Vice Chairs of WMRE to discuss matters relating to the execution of this Agreement, the further development of the relationship between the Parties and any other relevant rail matters in the WMRE area.
- (d) A meeting every four weeks of the Management Team. Such items that are discussed shall be agreed by the team.

Reference to Schedule 2 required.

**‘Franchise Management’ to be renamed to ‘Commercial and Contract Management’**

Changes will be required in this section to reflect the updated Agreement only. There are no fundamental changes.

**‘Ongoing Engagement’ to be replaced with ‘Attendance at Governance Meetings’**

This section should be replaced with an opportunity to attend, as appropriate, the relevant governance meetings of each party relating to matters of mutual interest (such as WMRE Board, SIAP, SOAP etc.).

**Dispute Resolution Procedure**

Delete entire section and replace with [to be decided]. To include strengthened WMRE arrangements which will include role of WMCA Monitoring Officer and political leadership.

**Notices**

Contact information to be revised and updated.

**Schedule 1**

Remove as superseded by expanded Purpose.

**Schedule 2**

Remove reference to Joint Strategic Board and retitle to Joint Meeting Structure Responsibilities

**Schedule 3**

Retain drafting and update .

**Schedule 5**

Remove year 1 obligations and update remainder