



West Midlands
Combined Authority

Transport Delivery Committee

Date	10 January 2022
Report title	Rail Business Report
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Report has been considered by	Councillor Richard Worrall – Rail and Metro Member Engagement Group Chair

Recommendation(s) for action or decision:

The Transport Delivery Committee is recommended to:

- (1) Note the content of the report

1. Purpose

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

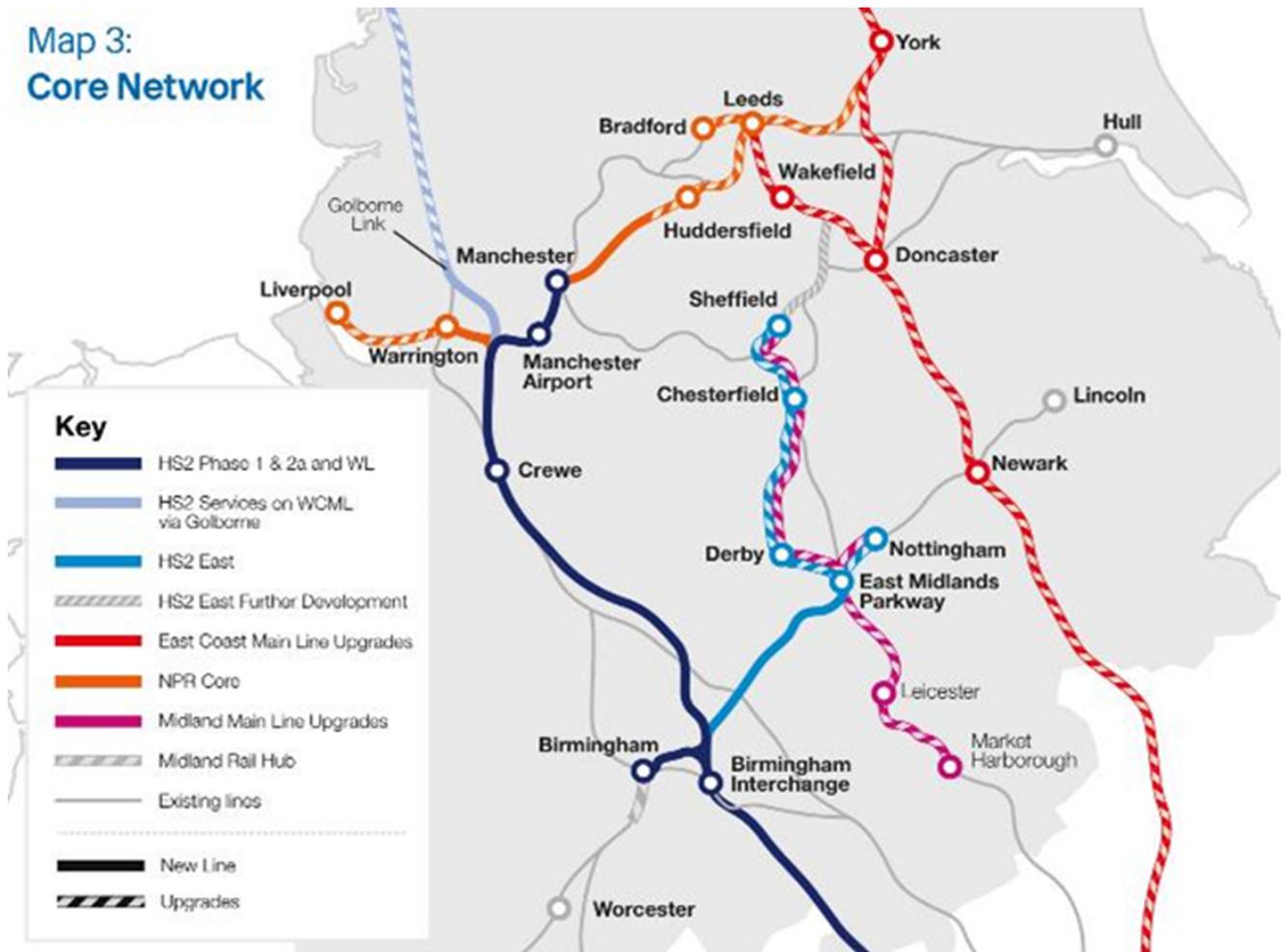
2. Section A – Background

- 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 August and December 2021.

3. Section B – Integrated Rail Plan and Union Connectivity Review

- 3.1 The Integrated Rail Plan was published on 18 November 2021, announcing £96bn of rail enhancements in the Midlands and North of England. Of this £42.5bn is already committed to Phases 1 and 2a of HS2 from London to Birmingham and Crewe, whilst the bulk of the remainder is for upgrading the Midlands Main and improving Trans-Pennine connectivity. £55bn available for the IRP proposals across the North and the Midlands.
- 3.2 Potentially some of the £1.5bn for smaller schemes could help fund the priority Kings Norton and Snow Hill station capacity enhancements of Midlands Rail Hub.
- 3.3 The IRP confirms that by early/mid 2040s Phase 2b of HS2 will connect the West Midlands to both Manchester via Crewe and Nottingham via the existing East Midlands Parkway station which will have a transformational impact on journey times. This is around a decade later than the original timescale (2033) for completion of HS2 Phase 2b.

Map 3:
Core Network



- 3.4 The IRP also partially supports Midlands Rail Hub (MRH), with a focus on improving services to Worcester and Hereford and improving access to HS2 (via the South West Bordesley Chord to Moor St Station) from Bristol and Cardiff.
- 3.5 However, the IRP also notes that the new high speed line to the East Midlands “could realise many of the benefits of the Midlands Rail Hub Eastern section” by providing improved connectivity from the West Midlands to Nottingham and potentially improved service frequency to Derby.
- 3.6 The Government is therefore asking “Network Rail to work with Midlands Connect to review the Midlands Rail Hub proposals”. WMRE has already been engaging with Network Rail and Midlands Connect in seeking to build a wider strategic case for completing Midlands Rail Hub in its entirety. WMRE will be closely involved in the proposed review as we seek to rebuild the case for the MRH Eastern Section.
- 3.7 Improved services to Coventry are also mentioned in the context of MRH. There is no detail regarding how this might be achieved, but it could refer to existing Midlands Connect proposals to improve connectivity to either Leicester or to Oxford/Reading.
- 3.8 Other elements of HS2 Phase 2b will be subject to further review, including connections to Liverpool, the “Golborne Link” for services on to Scotland and future HS2 connectivity to Leeds.
- 3.9 Following the Integrated Rail Plan, the government published Sir Peter Hendy’s Union Connectivity Review which looked at transport links between the devolved nations of the United Kingdom and the possible creation of a “*Strategic Transport Network UK*”.

3.10 From a West Midlands rail perspective the review recommended improving:

- West Midlands to Scotland rail journeys via HS2 & upgrades to West Coast Main Line
- Replacing the HS2 “Golborne link” to the West Coast Main Line (South of Wigan) with a connection further north near Preston
- Train services between South Wales and West Midlands (which support Midlands Rail Hub)
- Rail links through the West Midlands to Deep Sea Port

3.11 The review also recognised the importance of rail links between the West Midlands and Mid/West Wales via Shrewsbury.

4. Section C – West Midlands National Rail Contract

4.1 On 19th September the West Midlands Trains Franchise expired and was replaced by a National Rail Contract (NRC), directly awarded to incumbent West Midlands Trains (WMT). The main difference between NRCs and the previous system is that operators like WMT are paid a fixed management fee for running rail services, plus a performance fee that is based mainly on delivery of customer-focused performance metrics, instead of taking the revenue risk. Both cost and revenue risk have transferred to the DfT.

4.2 In a continuation of the arrangements that existed under the Franchise Agreement, WMRE will oversee the delivery of services in the West Midlands Railway brand on behalf of the DfT. The Collaboration Agreement between WMRE and DfT that formalises these arrangements was renewed in September to coincide with the commencement of the NRC.

4.3 Some of the key deliverables of the NRC are listed below:

- New Class 196 trains for the Hereford, Shrewsbury and Camp Hill routes;
- New Class 730 trains for the Cross City Line;
- Head of Commonwealth Games role;
- Continuation of the Wolverhampton station deed payments;
- An industry performance manager to improve collaboration across all operators on punctuality and reliability;
- Installation of digital customer information screens, including multi-modal screens at certain locations;
- Platform validators to help enable wider roll out of Swift PAYG on rail;
- A transport integration forum to improve multi-modal connectivity;
- Stakeholder Equality Group;
- Refurbishment of redundant station buildings for community use;
- Noise management initiatives at certain stations to make the railway a better neighbour;
- Building management systems at certain stations to help reduce energy consumption;
- Upgrade and expansion of station CCTV; and
- Funding contribution to University station

4.4 Unfortunately, not all of the previous Franchise Agreement Committed Obligations have been rolled over into the NRC. Due to financial pressures resulting from the transfer of cost risk to the Department, a number have been discontinued. These include booking office reconfigurations at Worcester Foregate Street and Birmingham Snow Hill, an infotainment system on-board trains, and car park expansion at places like Kidderminster and Worcester Shrub Hill.

- 4.5 Each year the funding envelope for the NRC will be recalibrated via an annual business planning process. This is designed to give both WMT and DfT the flexibility to respond to changing economic conditions as the country recovers from pandemic. WMT's draft business plan for the 22/23 financial year was submitted to DfT and WMRE on 15 December 2021, and will be finalised in February 2022.
- 4.6 The exact amount of funding available is driven by the recently published spending review. As has been widely reported in the media, all train companies have been asked to identify ways to reduce their cost base. This may result in difficult decisions needing to be made by the rail industry about what is delivered, when and how.

5. West Midlands Trains' Performance

- 5.1 The first period of the NRC (Period 7 - 19th September to 16th October) also saw the first period where PPM (Public Performance Measure) was not the primary measure of punctuality and reliability. Instead, punctuality was measured via the T-3 and T-15 metrics. These record the percentage of recorded station stops arrived at less than three and 15 minutes respectively after the scheduled time. This contrasts with PPM, which was only a measure of punctuality at destination, and for WMT was set at 5 minutes.
- 5.2 Under the new measure of T-3, WMT recorded 84.67% in Period 7. This equated to a PPM of 89.5%. WMR T-3 was 85.4%, with LNR 82.9%. All Cancellations were 3.2% of services operated, which was greater than target but demonstrated a period on period improvement. After several periods of significant shortforming on WMR services, the shortform KPI improved to 0.5% of all services, with WMR shortforms at 0.36%.
- 5.3 However, this strong start was not maintained into Period 8. This saw a significant increase in cancellations across the West Midlands, largely attributable to a shortage of traincrew. In week 2 alone, which coincided with half-term, 469 WMR services were cancelled, of which 73% (341) were due to a shortage of traincrew. The Snow Hill Lines were the worst affected route, with 167 cancellations in week 2 ascribed to traincrew. This equated to 27% of all cancellations on WMR that week, and around 25% of services planned to operate on the Snow Hill Lines.
- 5.4 WMT had anticipated a drop in performance during half-term. Of an establishment of 726, WMT had 599 drivers available to work. The variance is mainly the result of the large number of trainee drivers in the business, many of whom would have qualified already had it not been for the loss of training days that occurred during the pandemic (estimated at 25,000 since March 2020). Consequently, WMT are heavily dependent on qualified drivers to volunteer for rest day work and overtime. School holidays typically see a reduction in take up for this type of work, which then leads to a downwards pressure on traincrew availability.
- 5.5 The scale of the cancellations led to WMT providing a detailed action plan showing how the situation on the Snow Hill was being managed, so as to prevent a similar deterioration in performance over the Christmas Holidays.
- 5.6 The resulting Snow Hill Line Performance Recovery Plan was presented to the WMRE Board at a special session held on 26th November. The plan covered the work underway to address:
- The immediate need to help mitigate cancellations in the upcoming Christmas period;
 - The traincrew training backlog; and
 - Passenger communication and handling during disruption

- 5.7 The run-up to Christmas was significantly affected by the emerging Omicron variant. WMT and other operators experienced a rise in COVID related absence, which led to service cancellations. However, the new variant also suppressed demand, meaning that fewer customers than expected were affected by the reduction in services.
- 5.8 WMT also had to contend with passengers displaced on to their services as a result of strike action on CrossCountry Trains. On 24th and 31st December RMT members in the employ of CrossCountry did not work after the union and the company were unable to reach agreement on a number of matters, including pay and terms and conditions. A similar dispute is underway on Avanti West Coast, although no dates have yet been announced for strike action.

6. Section D – Rail Programme

- 6.1 A critical element of work to the Birmingham & Worcester canal has been completed alongside the redevelopment of University railway station. As part of the agreement to install the new bridge, we committed to the life extension works on behalf of the Canal & Rivers Trust which required a 34-metre temporary cofferdam, to be built within the water.
- 6.2 The cost of University Station has now been re-baselined to recognise the additional scope that has been incorporated. A funding bid into the WMT Station Improvement Scheme (part of the NRC) has been successful enabling enhanced security customer facilities in the station, including platform security doors, enhanced Customer Information Screens (CIS) and aesthetic refurbishment work to the existing station. Conversations are ongoing with DfT, NR and Commonwealth Games colleagues to address the associated cost pressures.
- 6.3 We remain focused on enabling the use of the new buildings in advance of the Commonwealth Games. Discussions with ORR, NR and WMT around accelerated commissioning and approvals are positive, but the programme remains high risk and work to examine configuration states continues as a contingency plan for Games time.
- 6.4 On Perry Barr construction continues at pace with the building now watertight and the glazing and cladding installation underway. Stakeholders, including Deputy Mayor Sleigh and Councillor Ward, gathered to celebrate the ‘topping out’ of the building on 23rd November, a key milestone in the construction programme (below).
- 6.5 In parallel with construction work we have now agreed additional scope and funding from Network Rail to do extensive works to the platforms. This will upgrade the drainage and adjust the surface incline to improve safety for passengers and improve the maintenance and asset life for network rail going forward.
- 6.6 On Package 1, good progress has been made on land acquisition. Critical deals for land at Willenhall Station have now completed. In parallel with this the WMCA Board have approved the CPO for land at Darlaston Station and notices were issued in December.
- 6.7 Site works are now fully mobilised with fencing, de-vegetation and surveys underway. The Mayor and MP for Walsall North attended a site visit on 29th November to announce the official start of work (above).
- 6.8 On Package 2 the ITT was issued to five qualifying bidders mid November, with submissions to be returned in February. Land acquisition activity continues to build confidence with completion expected at Hazelwell this month, and notices issued to the undertenant for land leased out at Moseley.

6.9 Network Change consultation for Package 2 is ongoing, with work also underway on the agreement of a new Asset Protection Agreement.

7. Section E – West Midlands Grand Railway Collaboration (GRC)

7.1 The GRC continues to be a primary focus within the West Midlands with the Strategic Board now meeting on a 6-weekly basis to ensure delivery of its objectives.

7.2 We recently released the GRC Brochure to support in improving the visibility of the GRC and alongside this have developed a short video <https://f.io/vnA0dhAS>

7.3 Performance is the key focus of the GRC Strategic Board and Network Rail present at each board to ensure that all operators are being held accountable. This is hugely valuable and allows for discussion to explore ways to improve the performance of our network in collaboration.

7.4 We are currently working on an initiative to support improvements with integration between different modes of transport at rail stations and will be trialling this at Solihull Station with a project getting underway in the new year to make some small improvements to the station to improve the integration.

8. Section F – Rail Investment Strategy

8.1 WMRE has continued to take forwards work on updating the Rail Investment Strategy, and demand modelling work has been undertaken on various future service and demand scenarios. Consultants SLC/Systra are now starting the process of drafting the document.

8.2 We are keeping the timescales flexible given the high level of uncertainty that exists on key issues such as the impact of the Integrated Rail Plan, emerging decarbonisation strategy, impact of Covid and industry reform. Our current expectation is that we would seek to consult on the revised strategy in Spring 2022.

9. Section G – Future New Stations

7.1 Following the conclusion of the final round of Restoring Your Railway applications on 28th October it was clear that nationally 13 out of 89 “RJR Ideas Fund” third round bids were successful and that none of these were in the TfWM area (including Birmingham City Council’s bid for feasibility work on Fort Parkway and Castle Bromwich).

7.2 It is now proposed that Transport for West Midlands’ forthcoming “New Stations High-Level Assessment Study” will consider the feasibility of all of the stations featured in WMRE/TfWM/Birmingham City Council RJR Ideas Fund bids (Coventry East, Coundon Rd, Foleshill, Tettenhall, Castle Bromwich and Fort Parkway) alongside the WMCA Mayor’s other new station proposals.

7.3 A decision is still awaited on the separate RJR Advanced Proposals bid for further development funding for a new station at Aldridge.

10. Section H – West Midlands Stations Alliance

7.1 The West Midlands Stations Alliance (WMSA) has a defined role in the West Midlands NRC. This is to be the forum that develops and endorses any station improvement ideas put forward by WMT in the West Midlands. The justification for this is that by securing wider rail industry support at an early stage, station improvement schemes driven through the WMSA should be easier and cheaper to deliver.

7.2 The first tranche of ideas has been endorsed by the WMSA Board. The ambition of these schemes has been tempered by the knowledge that they need to be completed by 31st March 2022 (as per the requirements of the NRC). Nevertheless, they include renovations to the old station building at University, improvements to the platform structures at Wolverhampton, and the implementation of many of the recommendations from the Stations as Places masterplans for stations on the Chase Line towards Rugeley.

7.3 The WMSA Board has undertaken a review of its purpose, governance and strategy to ensure that it continues to be relevant in a changing contractual environment. This exercise broadly endorsed the existing objectives, whilst increasing the focus on station accessibility. It has also promoted changes to the membership of the WMSA Board, which should improve the decision-making power of the group.

11. Section I – Financial Implications

11.1 There are no direct financial implications as a result of this rail business update report. It is understood that the updated changes within the Collaboration Agreement between WMRE and DfT are non-financial in nature with an improved governance set up and recognition of the National Rail Contract in replacement for the franchise. There is no change to the value of either the per annum DfT grant value to WMR Ltd or the per annum contribution from WMRE member authorities. It is notable however, that a number of risks, cost and revenue, have transferred to DfT from the train operator. This will need to be managed accordingly.

11.2 The WMRE Board of Directors, chaired by Andy Street, West Midlands Mayor, formally approved the 2020/21 company accounts and proposed 2022/23 WMRE budget on 14th December 2021.

11.3 All deliverables associated with rail activity in both WMRE and WMCA are intended to be carried out within the approved budgets and MTFP position.

11.4 The Rail Programme remains on time and within the WMCA Board approved budget limits.

12. Section J – Legal Implications

12.1 There are no specific legal implications arising from this report.

13. Section K – Equalities Implications

13.1 There is no equality impact in relation to this report. A number of the initiatives are likely to have positive impact on rail users. It is important that individual initiatives undergo equality impact assessments to ensure that key inclusion and accessibility considerations are embedded at early design stage. More broadly, journey affordability is currently a key deterrent for a number of users so ticketing affordability considerations should be integrated at all stages to ensure the rail network is inclusive to a wider range of residents.

14. Section L – Geographical Scope

14.1 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.

15. Section M – Inclusive Growth Implications

- 15.1 Rail services are a key element of delivering the 'Connected Communities' fundamental of the Inclusive Growth Framework – both for those citizens in receipt of existing services, and for those who will have access via new 'enhancements', links and stations in the future.
- 15.2 While new capacity is generally a positive, there are implications to how that is introduced on the wider network. Notably, delivering on the capacity enhancements at Kings Norton and Snow Hill – referenced as potential investments under the smaller schemes element of the Integrated Rail Plan – are critical to ensuring that residents living in more deprived areas on the Cross City Line do not have to sustain a loss in service frequency in order to introduce new services to Moseley, Kings Heath and Hazelwell.
- 15.3 Taking a broader view of the region, the mooted improvements to East Midlands connectivity via the Midlands Rail Hub proposals are another way to bring more employment centres within reach of people across the region, and a tangible way to ensure that the wider benefits of HS2 are realised for those people who are more likely to benefit from wider improvements to capacity and connectivity than from HS2 services per se. As such, the potential for these citizens needs to be front and centre of the review.
- 15.4 The ongoing role of West Midlands Trains in running rail services also falls under the Power, Influence and Participation fundamental of the Inclusive Growth Framework, as it is notionally more democratic and locally accountable than alternative franchisees. However, as several of the Franchise Agreement Committed Obligations have not been rolled into the NRC, it will be important to use committees such as TDC and Overview & Scrutiny to ensure that the vision for local leadership of rail services is adhered to, particularly given the pressures on the cost base.
- 15.5 The shortage of train crew identified as the root cause of the drop in performance should be seen as an opportunity to draw more citizens from deprived areas and communities into roles within West Midlands Trains – aligned to the Education & Skills and Inclusive Economy fundamentals of the Inclusive Growth Framework. This should learn from programmes like I CAN (University Hospitals Birmingham), which are targeted at key communities and highlight the wider benefits of public service.