West Midlands Rail Devolution
Stakeholder Briefing

1. Who is WMR?

West Midlands Rail (WMR) represents all local transport authorities covered by the proposed devolved rail network, namely Birmingham, Coventry, Dudley, Herefordshire, Northamptonshire, Sandwell, Shropshire, Solihull, Staffordshire, Telford and Wrekin, Walsall, Warwickshire, Wolverhampton and Worcestershire.

2. What is the opportunity?

The link between rail and economic growth is well recognised. WMR will bring the levers that control the local rail services in the region under local control, and will offer the opportunity to maximise economic benefits for the region.

- All local rail services in the West Midlands are currently specified and managed by the Department for Transport (DfT) in London
- The London Midland franchise which provides local rail services is due to be renewed in 2017
- WMR Partner Authorities are seeking greater control and influence over future franchises through devolution

3. What are we proposing?

Ongoing discussions with the Secretary of State for Transport have led to a proposition for rail devolution in the West Midlands which includes the following features:

- The existing London Midland franchise will split into two new contracts in 2017; a West Midlands Rail Contract (WMRC) and a West Coast Connect franchise (see map, appendix A)
- The WMRC will be jointly specified and signed with WMR managing the detail of the contract from day one, with full devolution later during the contract period
- Subsequent WMRC contracts will be let solely by WMR
- West Coast Connect let by DfT with strong WMR influence
- WMR will continue to seek influence over other franchises that provide core services through the region when they are retendered

WMR believes this approach will deliver significant benefits in the longer term, with an opportunity to realise many of the benefits as early as 2017.

Our proposal supports the Government’s decentralisation agenda, and the DfT has recognised that increasing local control of rail services could deliver improved outcomes for the economy, local passengers, stakeholders and taxpayers. DfT are therefore seeking a formal proposal from WMR partner authorities to devolve responsibility for the local rail network.
4. What will be the benefits?

WMR believes that devolution will deliver many benefits to the region and local rail passengers. Having a targeted, locally accountable contract with proper incentives on the operator will enable WMR to specify and manage rail services more effectively than the current national arrangements.

We will:

- Stimulate economic growth through targeting local and national rail investment and specifying a rail service that is responsive to local needs
- Create a more efficient railway that is better value for the taxpayer, driving patronage growth and reducing the subsidy burden
- Actively manage the contract and hold the operator to account for delivery
- Seek to operate stations in an innovative way

Devolution of local rail services is already a reality in Greater London, on Merseyside, in Scotland and in Wales and is delivering benefits such as these.

Devolution and HS2

HS2 creates the opportunity through released capacity to create vastly better services on the local rail network. In particular, our devolution proposals will:

- Support the delivery of the Connectivity Package, which requires high quality links to HS2 hubs
- Ease the delivery of service improvements made possible by the released capacity
- Assist the delivery of the rebuilding of London Euston terminal of HS2 through the creation of the standalone West Coast Connect franchise

5. Governance

At the heart of the WMR proposal for West Midlands rail devolution is a robust governance structure that reflects the interests of all its constituent authorities.

Specific proposals include the formal incorporation of West Midlands Rail Ltd. which will:

- Be responsible to a democratically accountable Leader’s Board, with representation and influence for each Partner Authority
- Hold contractual responsibility for the WMRC
- Be a company possessing the appropriate professional competence and capabilities for managing rail contract of this size
- Oversee the agreements with the DfT relating to the management of the West Coast Connect and other future franchises

DfT and WMR recognise the importance of having a funding agreement in place which guarantees the protection of a baseline level of service consistent with current service levels. A guarantee of funding for subsequent contracts will also be required.
The initial WMRC would be let under normal DfT franchising arrangements, and the operator will take the revenue risk. This reduces risk to the DfT and WMR in the franchise letting process and makes it considerably simpler to agree financial and risk sharing arrangements between the DfT and WMR.

During the course of the contract it is expected that WMR would progressively take on greater management responsibility and with increased visibility of the costs and revenues of the business would be well placed to let subsequent contracts. This will enable WMR to take an informed decision on whether to take revenue risk on subsequent contracts which could deliver greater long term benefits.

6. Timescales

WMR is seeking to submit its Proposal and Business Case to the DfT in late summer, following a meeting between Leaders and the Secretary of State.

The expected timescales for key events up to the start of the first West Midlands Rail Contract is shown below:

<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
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<tbody>
<tr>
<td>July 2014</td>
<td>Meeting between West Midlands Leaders and Secretary of State</td>
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<tr>
<td>Autumn 2014</td>
<td>Submission of proposal to Secretary of State</td>
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<tr>
<td>Late Autumn 2014</td>
<td>Decision to proceed in principle from Secretary of State</td>
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<tr>
<td>June 2015</td>
<td>Two year procurement process for London Midland replacement franchises commences</td>
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<tr>
<td>June 2017</td>
<td>West Midlands Rail Contract begins</td>
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7. Further information

For further information about West Midlands rail devolution proposals, please contact:

- westmidlandsrail.com
- MalcolmHolmes@westmidlandsrail.com
- 0121 214 7058
Appendix A
Proposed WMR and WCC Routes

Appendix B
Facts and Figures

The West Midlands Rail Contract will operate 112 stations. Its trains will also call at a further 15 stations run by other operators.

The West Midlands Rail Contract will operate over 650 trains per day plus a further 214 on the Stourbridge Town branch.

Nearly 50% of all services into Birmingham will be provided by the West Midlands Rail Contract, with a further 13% provided by the West Coast Connect franchise.

The WMRC will operate a fleet of around 240 carriages.

An estimated 30 million passenger journeys will be made on WMRC trains every year.
Appendix C
Proposed Contractual Arrangements

Two businesses of broadly similar scale to the current Chiltern franchise would be established, consistent with a DfT desire (following the Brown Review) to create more, smaller franchises that could be more attractive to the market:

- **West Midlands Rail Contract** (providing local services in the West Midlands)
- **West Coast Connect franchise** (providing London commuter and longer distance regional services on the West Coast Main Line)

The WMRC would be procured and managed jointly by DfT and WMR and, subject to suitable agreements with the DfT, progressively take on the responsibility for managing and funding the services. It is envisaged that when a subsequent contract is let, WMR would take on full devolved responsibility. The second, fully devolved contract is proposed to commence in advance of HS2 being delivered.

In addition, WMR would enter into an agreement with the DfT over the specification and management of the locally important West Coast Connect (WCC) services on the Northampton – Coventry – Birmingham and Stafford – Wolverhampton – Birmingham routes, although the DfT would remain the franchising authority.

WMR would also seek agreements in relation to locally important services provided by other franchises as they are re-let. These would include:

- Cross-Country – Burton-upon-Trent/Tamworth/Nuneaton to Birmingham, Stafford to Birmingham/Leamington to Birmingham
- Chiltern Railways – Leamington/Kidderminster to Birmingham
- Intercity West Coast (currently Virgin Trains) – Rugby/Coventry to Birmingham, Wolverhampton to Birmingham
- Wales and Borders (currently Arriva Trains Wales) – Shrewsbury to Birmingham International