

## **CABINET MEMBER DECISION**

### **Date of decision- 15 January 2026**

#### **WEST MIDLANDS RAIL LIMITED – ADOPTION OF NEW COLLABORATION AGREEMENT WITH DEPARTMENT FOR TRANSPORT**

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##### **Relevant Cabinet Member**

Cllr K Perks

##### **Relevant Chief Officer**

Rachel Hill, Acting Strategic Director of Economy and Infrastructure

##### **Local Member(s)**

All Members

##### **Recommendation**

**1. The Cabinet Member with Responsibility for Highways and Transport recommends:**

**(a) Support for West Midlands Rail Limited (WMRL) entering into a new collaboration agreement for the Department of Transport**

##### **Background**

2. The Collaboration Agreement between WMRL and the DfT is the primary agreement by which WMRL's responsibilities for franchise management and government grant funding are set out and enshrined. The initial Collaboration Agreement was signed in April 2017 following Secretary of State and WMRL approval (the latter by means of a Special Resolution). This agreement was updated in 2021 and is now being updated again prior to expiry in January 2022.
3. In summary, the collaboration agreement includes provisions for:
  - a) A Strategic Board between WMRL and DfT officials;
  - b) Sharing of franchise management responsibilities;
  - c) The ability of WMRL to make changes and retain the benefits of those changes for reinvestment in the local rail network. This includes the powers to make adjustments to rail fares in the region;
  - d) Funding of WMRL by means of a £500K grant each year; and
  - e) An annual meeting between WMRL Chair and Vice Chair and the Secretary of State or a Minister.

4. The collaboration agreement is due to expire at the end of January 2026, with new agreement due to be confirmed by Special Resolution of the West Midlands Rail Executive Board (the Board).
5. At its meeting on 16 September 2025 the Board agreed in principle to enter into a new Collaboration Agreement with DfT. This is required because the existing Collaboration Agreement is coterminous with the West Midlands National Rail Contract, which is due to expire on 31 January 2026. It will be replaced by a Services Agreement between the DfT and the new public sector owned company that will operate West Midlands Railway and London Northwestern Railway.

## **The Collaboration Agreement**

6. The Collaboration Agreement is the primary agreement through which WMRE's existing devolved powers are conferred. It also sets out the company's funding settlement from government and specifies the amount of local funding that must be raised in return for the devolved powers.
  7. Without it, WMRE would cease to be a formal client for the new public sector operator of West Midlands Railway and would be reduced to the pre-2017 position of a stakeholder, lacking the ability to compel action from the rail industry or hold the industry meaningfully to account for its delivery to customers.
  8. At the September Board meeting, light touch changes were agreed to the existing Collaboration Agreement. This was in recognition of the lack of time available to negotiate more sweeping changes, and the lack of capacity in DfT. Crucially, this means the new Collaboration Agreement rolls over key provisions, such as:
    - i. A management structure between WMRE and DfT officials.
    - ii. Sharing of Service Agreement management responsibilities.
    - iii. A role for WMRE in the specification and negotiation of the public sector operator's budget and outputs;
    - iv. The ability of WMRE to make changes and retain the benefits of those changes for reinvestment in the local rail network. This includes the powers to make adjustments to rail fares in the region; and
    - v. Funding of WMRE by means of a £500K grant each year.
  9. The new Collaboration Agreement will be coterminous with the new Services Agreement with the public sector operator of West Midlands Railway. This expiry date is not currently known, as it is dependent on the establishment of Great British Railways. This is anticipated as being in early 2028, but is subject to primary legislation being passed. The expectation is that the Collaboration Agreement will be replaced by the partnership that WMRE is already discussing with Shadow Great British Railways.
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10. The final draft the new Collaboration Agreement is provided in Appendix A.

### **Implications for WMRL Partner Authorities**

11. In accordance with the WMRE Articles of Association, paragraph 8.3, any change to the WMRE relationship with the DfT or substantial changes to that agreement must gain the prior approval of WMRE 'Member' authorities by Special Resolution. Under the terms of the Articles of Association, the Special Resolution requires 75% of those Members eligible to vote to be in favour. For this purpose, Members are defined as those partner authorities who are local transport authorities. Therefore, the electorate for the Special Resolution comprises the following:

- Herefordshire
- Shropshire
- Staffordshire
- Telford and Wrekin
- Warwickshire
- West Midlands Combined Authority
- West Northamptonshire
- Worcestershire

### **Legal, Financial and HR Implications**

16. The financial implications remain unchanged, and the commitment from DfT to fund WMRL for franchise management costs (£500K per year) remains in force. There is no proposed change to the level of contribution sought from WMRL partner authorities

17. There are no additional legal implications arising from the change to the Collaboration Agreement drafting.

### **Supporting Information**

Appendix A: Draft Collaboration Agreement

### **Contact Points**

#### Specific Contact Points for this report

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### **Background Papers**

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In the opinion of the proper officer (in this case the Strategic Director for Economy and Infrastructure) the following are the background papers relating to the subject matter of this report:

Cabinet reports:

- 19 November 2015 (minute 1702): [Agenda for Cabinet on Thursday, 19th November, 2015, 10.00 am - Worcestershire County Council \(moderngov.co.uk\)](#)
  - 28 September 2016 (minute 1743): [Agenda for Cabinet on Thursday, 29th September, 2016, 10.00 am - Worcestershire County Council \(moderngov.co.uk\)](#)
  - Cabinet Member Decision 13 March 2017: [Cabinet Member Decisions and Reports: 2017 | Cabinet Member Decisions and Reports | Worcestershire County Council](#)
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