

## **Summary**

**This briefing note has been prepared by Virgin Trains for the forthcoming meeting of the Economy, Skills and Sustainability Committee on Friday 10<sup>th</sup> July.**

**The briefing updates the Committee on the improvements that have been implemented since our franchise award in June 2014, our business contribution to Birmingham and the wider Midlands region, and our ambitions for transport in the region in the future.**

### **1. Virgin Trains West Coast Mainline Franchise**

Virgin Trains has been running services on the West Coast Mainline (WCML) since 1997. In this time, passenger numbers have doubled, passenger satisfaction has increased, and journey times have been reduced.

After the West Coast Franchise process in 2012, the Department for Transport (DfT) allowed Virgin Trains to continue running the franchise on a management basis. In June 2014, we were awarded a new deal to run the franchise until March 2017. The new contract has put the franchise on a more commercial footing, allowing us to invest across the route. Taxpayers will also benefit with a guarantee that more than £430m will be paid to government, a rise of at least 58% on the previous arrangement.

The new franchise will see a £50million being spent across the route. Highlights of this spending package include:

- **Improved Wifi:** Enhanced Wifi onboard all our trains and at the 17 managed stations on the route, including Birmingham International, Coventry, and Wolverhampton.
- **Capacity improvements:** 21 of our 9-car Pendolinos will have Coach G converted from First Class to Standard Class – a net increase of 2100 seats a day (to be completed by September)
- **New direct services:** In December last year we introduced two new direct services - Euston to Shrewsbury and Euston to Blackpool. Early signs show that these services are proving to be popular.

### **2. Services to/from Birmingham**

The Virgin Trains Euston to Birmingham service is one of our most important passenger markets. The route is a popular choice for both business and leisure travellers. It is the fastest London to Birmingham service, compared with other TOCs, and also one of the fastest intercity services in the UK. Due to the popularity of the service, it is served by three trains per hour.

Over the last five years our passenger numbers on Euston – Birmingham services have increased. These have been accompanied by a reduction in the average price our passengers pay for their journey. Similarly, journeys north of Birmingham have also grown in the last 5 years.

### **3. Connectivity**

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Which? Consumer survey voted Virgin Trains and Birmingham Airport the Best Air Rail link in the country in terms of speed, connectivity and value. We work closely with Birmingham Airport to promote the speed, ease and simplicity of flying from Birmingham, especially when combined with travelling to the airport with us.

We understand that our customers want joined up, end-to-end journeys. Our 'Interline' product, which we will be launched this year, allows for easy, single booking from overseas as well as the UK, and a single itinerary joining up air and rail travel from Birmingham right through to the customer's end destination.

#### **4. Our Midlands employment profile**

Virgin Trains is headquartered in Birmingham and London. We employ approximately 3300 people on our route, 892 of which are employed in the Midlands.

As part of our new gating programme, we will be creating an extra 53 new jobs across the region at Birmingham New Street, Birmingham International, Coventry and Rugby stations.

In our new franchise agreement we also made commitments to support more apprenticeships, traineeships and graduate placements on the network. Through our work with the Prince's Trust 'Get in to Transport' scheme for example, we recruited three apprentices last year who now work in our stations in the Midlands. This year we are interviewing a further 16 candidates from the scheme.

We also have strong links with Solihull College and work with their students to provide traineeship opportunities. One of our recent trainees has been placed in a full time position at Birmingham International Station.

#### **5. Virgin Trains contribution to the Birmingham leisure market**

Tickets deals are one of our most effective ways of helping to attract leisure visitors to Birmingham and its environs. We offer a travel discount in partnership with the NEC, Genting, NIA and Barclaycard Arenas.

We are travel sponsors of the NOVA Runs and Swims and also offer discount travel to this event. We are also the main sponsor of the Pride of Birmingham Awards. Within the region, we also are the main sponsor for the Pride of Coventry Awards.

In autumn we are launching a new onboard magazine VT Escapes - a promotional publication which will highlight all of the destinations on our route, including Birmingham.

#### **6. Virgin Trains in the community**

We have a strong and active presence in the Birmingham and Midlands community. Our stations across the EBW (Euston, Birmingham, Wolverhampton) route each have a dedicated Community Champion who is the main point of contact for charities and community initiatives. The Community Champions also support links to our local schools.

We are particularly proud of our work with disadvantaged groups. We currently have 4 ex-offenders working within the Midlands stations all of whom have adjusted and are progressing well within their teams. We are working with the Avanta to group to explore further opportunities to place ex-offenders at our stations.

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We also have strong link to the St Loyes Foundation, who help ex-military personal back into the workplace. We have recently held a recruitment event resulting in one person gaining employment and another held in our Talent Bank for future opportunities.

## **7. Future ambitions**

### ***HS2 and the future of the franchise***

With Birmingham having the second largest economy in the UK and being forecast to grow at around 2.5% until 2019, we appreciate the importance of high speed rail to support this growth.

At Virgin Trains, we see every day why HS2 is so important. The WCML is facing major capacity constraints, which are only going to get worse. We have 11 peak-time services per hour – this is the maximum possible number for Intercity West Coast services out of the current Euston set-up.

The popularity of rail and its forecasted growth demonstrates the need for a project with the scale and ambition of HS2. Our most up-to-date modelling shows that demand on the existing Inter City West Coast franchise is likely to grow, unconstrained, by more than 60% by 2026. We will not be able to accommodate this growth without extra capacity.

Our franchise expires in 2017, but we intend to bid again, and believe we are the best placed operator to run the franchise as construction works at Euston get going. We work closely with the HS2 working group and regularly feed any concerns we have into their workstream. We have two of our staff on secondment to HS2.

Before HS2 comes on board in 2026, it is imperative that Birmingham has a train operator who understands its economic and social aspirations, and can fully support them. At Virgin Trains, we share the same ambitions as Birmingham and we are pleased with our work today and excited about the future.

### ***Birmingham Connected***

We support the ambitions of the Birmingham Connected White Paper. In particular we believe that we share some of the same objectives such as promoting greener travel, better connectivity for businesses on the route, improving the wellbeing of our workforce and increasing the employment opportunities in the communities we serve. We want to further engage with Birmingham Council and wider stakeholders to help the delivery of the plan and make it a great success.

### ***A customer focussed approach***

Our customers are at the heart of our approach. In addition to the National Passenger Survey, we run our own online survey which captures in real-time what our customers think of us. This allows us to quickly respond to their needs and make changes where necessary. Last year we gathered feedback from over 40,000 customers on the EBW route.

For further information regarding our services please contact Phil Cavender, General Manager, EBW on [phil.cavender@virgintrains.co.uk](mailto:phil.cavender@virgintrains.co.uk)