

Transport for Wales Board Meeting

10:30 – 16:00; 2 July 2018

South Gate House, Cardiff

Minutes

Present:

Nick Gregg (NED & Chair) (NG)

James Price (CEO) (JP)

Martin Dorchester (NED) (MD)

Brian McKenzie (NED) (BM)

Peter Kennedy (NED) (PK)

Alison Noon-Jones (NED) (ANJ)

Sarah Howells (NED) (SH)

Nikki Kemmery (NED) (NK)

Heather Clash (TfW) (HC)

Kathryn Harries (Secretariat) (KH)

The following observer(s) from the Welsh Government were present for Part A and Part C of the meeting:

Jenny Lewis (WG Observer) (JL)

The following attendees from Transport for Wales were present for specific agenda items:

Geoff Ogden (Exec) (GO)

Jeff Collins (Exec) (JC)

Alan Edwards (Exec) (AE)

Jo Adams (TfW) (JA)

Apologies:

Simon Jones (WG Observer) (SJ)

Part A: Full Board Meeting

Notice and Quorum

1. A quorum being present the Chair declared the meeting open. The Chair confirmed that notice of the meeting had been given to each Director who was entitled to receive such notice. NG welcomed the newly appointed Non-Executive Directors ANJ, SH and NK to the meeting. NG also welcomed HC as the newly appointed Executive Director for Finance.

Apologies

2. SJ sent his apologies. No further apologies for absence had been received.

Conflicts of Interest

3. The Chair asked if there were any conflicts of interest to declare. No new or updated conflicts of interest were declared. NG requested that the newly appointed Non-Executive Directors raise any potential or actual conflicts of interests should any occur during the meeting.

Minutes of the Previous Meeting

4. The Board reviewed and approved the minutes of the meeting held on 17 May 2018. The Chair sought progress in relation to the open actions. Updates were received from Board members and it was agreed that a number of actions could be closed. NG requested an update on the review of the Management Agreement (Framework Agreement). JL provided an update. NG also requested an update on the provision of a further Remit Letter, as the current version expired on 30 June 2018. JL stated that a further Remit Letter has been drafted and is being reviewed by the Welsh Government.

Matters Requiring Consideration

5. The Chair referred to the agenda items tabled for today's meeting:

Item 2: Safety

Item 2a: Safety Moment

JP explained that the purpose of this agenda item is to ensure that safety is a priority. The Board discussed a recent fatal incident during electrification works. The Board noted the importance of implementing and following safety procedures. The Board also discussed health and safety procedures during the recent extreme weather.

Item 2b: Safety Performance and Measurement

JP explained the purpose of this agenda item, which will be used to report on safety metrics from October 2018. NG referred to the paper for this agenda item and requested an amendment to section 4 to ensure that safety is presented as a priority. NK stated that it is important that the focus is on health as well as safety. JP explained that Gareth Morgan is leading on health and safety on an interim basis. It was agreed that a health and safety update would be provided at the next meeting.

Action: Gareth Morgan to amend section 4 of the paper on safety to ensure that safety is presented as a priority.

Action: KH to amend the agenda for the next meeting to refer to Health and Safety.

Action: JP to ensure that an update on health and safety is provided at the next meeting.

The Board discussed the culture that is operated by TfW in relation to safety. NK stated that the term 'adjust culture' is often used to hold people to account for the areas for which they are accountable. It was agreed that a discussion would be held between NK, JP and Gareth Morgan in relation to safety and the safety culture that is operated by TfW.

Action: NK, JP and Gareth Morgan to discuss safety and the safety culture that is operated by TfW.

NG stated that a Health and Safety Committee will be established and chaired by NK. JP welcomed this approach.

Item 2c: Significant Incident / Near Miss Review

NG explained that this agenda item will be used for reporting any significant incidents and near miss reviews when the rail service becomes operational. MD requested that a plan and process is developed to detail the response to a major incident. JP stated that he has requested that the Executive Team develop a Major Incident Response Plan. It was agreed that, once developed, the Major Incident Response Plan would be presented to the Board.

Action: Executive Team to present the Major Incident Response Plan to the Board.

Item 3: Strategic/Development Update

Item 3a: CEO's Report

JP provided an update on the CEO's Report and informed the Board of the key activities since the previous meeting. JP provided an overview of the work that is being carried out to mobilise the rail service. NG stated that clarity is required on the responsibilities and the interfaces between TfW, the Operator and Development Partner (now known as the Rail Services Team) and Network Rail.

Action: JC to provide an update on the responsibilities and the interfaces between TfW, the Rail Services Team and Network Rail.

The Board discussed the potential transfer of the Core Valley Lines asset. JP provided an update and stated that engagement is continuing to take place

with Network Rail. JP stated that the transfer is due to take place by September 2019. MD stated that the key timescales need to be identified to ensure that the asset transfer is delivered by September 2019. It was agreed that Nathan Barnhouse (Welsh Government) would provide an update to the Board on the Core Valley Lines asset transfer.

Action: JL to arrange for Nathan Barnhouse (Welsh Government) to provide an update to the Board on the Core Valley Lines asset transfer.

BM stated that the Board needs to be informed of the financial risk before the asset transfer takes place. JP explained the rationale for the asset transfer and stated that an investigation of the asset is being carried out.

JP provided an update on staffing and stated that HC started in post on 2 July 2018 as the Executive Director for Finance. The Board noted the excellent work that has been delivered by Tracy Kearns in relation to managing the company's finances whilst this appointment was made. MD stated that an appointment is required to the Communication and Customer Services Director role. JP stated that a Senior Communications and Engagement Manager has been appointed and that the recruitment of the Communication and Customer Services Director is progressing.

JP informed the Board that the company's HR policies are being developed and the terms and conditions are being reviewed to position TfW as an employer of choice. JP explained that TfW has applied to the Cabinet Office, via the Welsh Government, to become an admitted body of the Principal Civil Service Pension Scheme (PCSPS). JP added that a decision would need to be taken by the Board in due course as to whether TfW joins this pension scheme if admitted body status is approved. PK stated that, if TfW opts to join the PCSPS, the company would not be able to offer additional pension schemes.

PK added that the PCSPS has various pension scheme options and Tfw needs to decide the pension scheme that it intends to operate. The Board discussed the issue of pension provision and requested a paper detailing the risks and implications for Tfw becoming an admitted body of the PCSPS.

Action: HC to present a paper to the Board on the risks and implications for Tfw becoming an admitted body of the PCSPS.

JP provided an update on rail services mobilisation and rolling stock provision. JP also provided an update on autumn preparedness. NG requested an update on the ways in which Tfw is ensuring autumn preparedness.

Action: JC to provide an update to the Board on the ways in which Tfw is ensuring autumn preparedness.

MD raised the issue of the potential delay in the introduction of the 769 rolling stock. The Board discussed the ways in which this matter could be managed. NG raised the issue that Tfw needs to be in a position to manage contractual and process payments the Rail Services Team on day one. It was agreed that HC would prioritise ensuring that the Rail Services Team is paid on day one.

Action: HC to prioritise ensuring that the Rail Services Team is paid on day one.

JP informed the Board that JC has been travelling on the rail services to review the standards in service and cleanliness. NG stated that Tfw brand standards need to be developed against which the Rail Services Team can be measured. It was agreed that the Rail Services Team's contractual commitments would be developed into a set of standards. It was also agreed that Board members would accompany JC and travel on the rail services.

Action: JC to ensure that the Rail Services Team’s contractual commitments are developed into a set of standards.

Action: Board members to accompany JC and travel on the rail services.

JP provided an update on the development of TfW’s ICT systems. JP also provided an update on industrial relations and the key challenges, including at-seat catering and cleaning. MD stated that further information is required on the consideration that is being given to bring catering in-house. NG agreed that the Board needs to understand the risks and implications.

Action: JC to ensure that a paper is presented to the Board on the potential option to bring catering in-house (including the risks and implications for TfW).

Item 3b: Finance

JA joined the meeting. HC thanked JA for the development of the paper and financial reporting for this agenda item. JA explained the May 2018 Management Accounts, including the difference in the profit and loss account. NG stated that TfW’s budget has been set as part of the Business Plan and that reforecasting should be carried out to align the forecasts with the actual spend. JA stated that reforecasting is being completed. HC added that reforecasting is currently being carried out quarterly but this may need to be completed monthly. JL stated that there needs to be a move towards monthly reporting to support the Welsh Government’s quarterly reporting procedures. HC stated that the cycle of reporting is currently being reviewed. It was agreed that JL would provide HC with the timelines for the Welsh Government’s reporting procedures.

Action: JL to provide HC with the timelines for the Welsh Government’s reporting procedures.

NG queried the reference to unfunded resource expenditure projects in the accounts. JA explained that the projects are unfunded from a TfW perspective. JL added that Welsh Government officials are required to follow the Change Control Process to request TfW to carry out work that is outside of the current Business Plan. The Board noted that further communication is required to ensure that the Change Control Process is completed before TfW commences work that is outside of its current remit.

Action: JP & JL to issue communications to ensure that the Change Control Process is completed before TfW commences work that is outside of its current remit.

NG referred to the Expenditure Statement and stated that the level of spend on consultants is not reducing yet the company is employing more employees. It was agreed that the Executive Team would review the number of consultants and secondees and the company's requirements going forward.

Action: Executive Team to review the number of consultants and secondees and the company's requirements going forward.

JA stated that TfW's financial statements for the period ended 31 March 2018 have been signed. JA requested approval from the Board to submit the accounts to Companies House, which TfW is required to do by 31 December 2018. NG queried whether the Welsh Government has any further requirements in terms of the accounts. BM stated that, as the accounts have been audited and signed, it is a decision for TfW as to when the accounts are submitted to Companies House. The Board was content for the accounts to be submitted to Companies House subject to a review by HC.

Action: HC to review the financial statements for the period ended 31 March 2018 and submit to Companies House by 31 December 2018.

JL stated that the accounts should be published on the Tfw website once submitted to Companies House.

Action: HC to consider publishing the accounts on the Tfw website once submitted to Companies House.

JA explained the proposed amendments to the bank mandate. The Board agreed [REDACTED] to the bank mandate and requested further information on the financial control mechanisms, the levels of authority and the process for authorising spend.

[REDACTED] *Action:* HC to provide further information to the Board on the financial control mechanisms, the levels of authority and the process for authorising spend to support a review of the individuals named on the bank mandate.

JA excused herself from the meeting.

Item 3c: Governance Adherence and Performance

JP stated that no further updates were required for this agenda item.

Item 3d: ICT Strategy and Systems

This agenda item was also discussed in item 3a. NG requested that a paper is presented at the next meeting for this agenda item.

Action: GO to ensure that a paper is presented at the next meeting on ICT Strategy and Systems.

JL stated that Tfw's ICT Strategy and systems should include digital integration with the Welsh Government. The Board discussed Tfw's requirements and whether these could be integrated with those of the Welsh Government. HC explained the outcomes of the ICT workshop that was held on 15 June 2018.

Item 3e: Strategic Issues for Future Board Meetings

NG asked the Board members for any further strategic issues to be included for future Board meetings. MD requested that consideration is given to the establishment of a Communications and PR Committee. NG stated that a Communication and Customer Services Committee will be established.

Item 3f: Remit Letter and Business Plan

JP explained that the latest draft of the Business Plan has been presented to the Board for their awareness. JL stated that there is a requirement for the Business Plan to be published by the end of December 2018. The Board noted this requirement.

Action: KH to ensure that the Business Plan is published by the end of December 2018.

Item 4: Any Other Business

Item 4a: Establishment of Committees

NG informed the Board that the following Committees will be established:

1. **Approvals Committee** – NG explained that this Committee will be held at the end of every Board meeting and that he will chair this Committee.
2. **Audit and Risk Committee** – NG explained that this Committee will be held three times per annum and will be chaired by MD.
3. **Health and Safety Committee** – NG explained that this Committee will be held quarterly and will be chaired by NK.
4. **Customer and Communications Committee** – NG explained that this Committee will be held three times per annum and will be chaired by SH.
5. **People Committee** – NG explained that this Committee will be held three times per annum and will be chaired by ANJ.

JL requested that details of the Committees and the Chairs are published on the TfW website. NG agreed that this information would be published.

Action: KH to ensure that details of the Committees and the Chair of each Committee is published on the TfW website.

MD queried whether a Remuneration Committee would be established. NG stated that the People Committee will be remitted to consider matters such as pay, pensions and employee benefits. KH queried whether the Scheme of Delegations should be reviewed to take into account the establishment of the Committees. NG agreed that this review should take place.

Action: HC and Gareth Morgan to review the Scheme of Delegations to take into account the establishment of the Committees.

JP requested that the Committee meetings commence as soon as possible. It was agreed that the Chair of each Committee would consider the terms of reference and the remit of their respective Committees. It was also agreed that the Committee meeting dates would be discussed at the next meeting.

Action: NG, MD, NK, SH and ANJ to consider the terms of reference and the remit of their respective Committees.

Action: KH to add Establishment of Committees to the agenda for the next meeting.

NG asked whether there were any further items to be raised under AOB. JL requested that TfW publishes as much information as possible on its website. MD queried who in TfW is responsible for redacting documents as required before they are published. It was agreed that Gareth Morgan would take on this responsibility.

Action: Gareth Morgan to take on the responsibility for ensuring that documents are redacted as required before they are published on the Tfw website.

NG thanked PK and BM on behalf of the Board for their valued contribution as Non-Executive Directors. PK and BM thanked NG and the Board, and stated that being a Non-Executive Director of Tfw has been an interesting and valuable experience.

JL excused herself from the meeting.

Part B: Confidential Session

Item 1: Confidential HR Matters

This agenda item is minuted separately.

Item 2: Board and Senior Team Performance

This agenda item is minuted separately. The Chair formally closed the Board meeting.

Part C: Open Session

JL joined the meeting. The Chair declared the Open Session open and welcomed the attendees to the meeting. It was agreed that the agenda items on Trade Union recognition, the Executive Team Register of Interests and Transport for Wales' registered office would be discussed at the start of the Open Session.

Item 2c: Trade Union Recognition

The Board noted the paper for this agenda item and the proposal to recognise the named trade unions. JL stated that a response is required to the letter issued to TfW by the Chair of the Welsh Government's Trade Union Side. JP stated that, in addition to the trade unions recognised by the Welsh Government, the trade unions recognised in the rail industry have also expressed an interest in working with TfW. KH stated that a number of TfW employees have queried whether they have a say in how they are represented. The Board discussed the issue of trade union recognition and agreed to work constructively with the trade unions towards a future positive relationship. It was also agreed that a response would be issued to the Chair of the Welsh Government's Trade Union Side proposing an early joint meeting with ANJ (as Chair of the People Committee) and JP to discuss how TfW can positively engage and work with the three trade unions – and also with some of the key rail trade unions that also have an interest in TfW.

Action: JP/KH to draft a response to the letter received from the Chair of the Welsh Government's Trade Union Side.

PK excused himself from the meeting.

Item 2a: Executive Team Register of Interests

The Board noted the Executive Team Register of Interests.

Item 2b: Transport for Wales' Registered Office

KH explained the proposal to change Transport for Wales' registered office from the QED Centre in Treforest to South Gate House in Cardiff. The Board discussed the proposal and it was agreed that the registered office would be reviewed again following the development of a location strategy.

GO, JC and AE joined the meeting. NG introduced GO, JC and AE to NK, SH and ANJ.

Item 1: Mobilisation

Item 1a: Transport for Wales Mobilisation

JP referred to the paper for this agenda item and provided an update. JP informed the Board that workstreams have been established to mobilise the company in readiness for 14 October 2018. JP added that Gareth Morgan is leading on safety, Robert Golliker (and now HC) are leading on Finance, KH is leading on HR, Neil James is leading on Communications and Ynyr Roberts is leading on ICT and Corporate Governance. NG stated that the new Committees that are being established should liaise with the relevant workstreams. SH added that it is important that customer services is included in the workstreams. It was agreed that the Communications workstream would be renamed 'Communication and Customer Services.'

Action: KH to introduce the Chairs of the Committees to the workstream leads.

Action: JP to ensure that the Communications workstream is renamed Communication and Customer Services.

NG stated that there should be a clear prioritisation of the actions that are required to be delivered by 14 October 2018. NG queried whether there are any expectations relating to accreditation for the health and safety systems. MD queried whether the Safety, Finance and HR Manuals will be completed by 5 July 2018. JC confirmed that the Safety Manual has been completed and that the initial Finance and HR Manuals will be completed by 5 July 2018.

MD queried whether the Executive Team are confident that the growth of the company can be effectively managed. AE raised that issue of the transfer of knowledge from consultants who are currently engaged by TfW to the new employees as they are recruited. MD stated that the consultants should be informed of TfW's requirements in terms of a knowledge transfer before their engagement ends. GO explained that a document control system is being put in place to support the knowledge transfer.

Action: Executive Team to ensure that the consultants who are currently engaged by TfW are informed of TfW's requirements in terms of a knowledge transfer to employees before their engagement ends.

NG queried whether TfW will have the required resource in place before 14 October 2018. KH raised a potential risk that the timeline for the transfer of the rail services function from the Welsh Government to TfW has not yet been confirmed. The Board discussed the requirement to resource the Rail Operations team in readiness for 14 October 2018. The Board agreed that appointments could be made to roles within the Rail Operations team. JL stated that she will have a discussion with the necessary individuals in the Welsh Government to ensure that they are aware of the roles that are being appointed.

Action: KH to provide JL with a list of the roles within the Rail Operations team that are being prioritised to be resourced.

NG stated that a list should be developed of the roles that are required for 14 October 2018.

Action: KH to develop a list should of the roles that are required for 14 October 2018.

NG asked the Non-Executive Directors to consider the Transport for Wales Mobilisation Plan and provide any comments to the Executive Team.

Action: Non-Executive Directors to consider the Transport for Wales Mobilisation Plan and provide any comments to the Executive Team.

NG queried whether a Communications Strategy is in place. GO confirmed that a Communications Strategy has been developed for the next three years. NG requested that a single Communications Strategy is developed between TfW and the Rail Services Team with clear lines of responsibility. JL added that consideration should also be given to which aspects of the Communications Strategy are aligned with that of the Welsh Government.

Action: Neil James to progress the development of a single Communication Strategy between TfW and the Rail Services Team with clear lines of responsibility, and consider which aspects should be aligned to that of the Welsh Government.

NG stated that the Mobilisation Plan should be developed to cover the period up until December 2018.

Action: Executive Team to develop the Mobilisation Plan to cover the period up until December 2018.

Item 1b: Rail Services Mobilisation

JC provided an update on rail services mobilisation. JC explained that the deadline to extend the current Arriva Trains Wales contract is 14 July 2018. The Board discussed the process for extending the Arriva Trains Wales contract if required. NG referred to the paper for this agenda item and queried whether there are any risks or issues that could prevent the rail service from commencing on 14 October 2018. [REDACTED]

[REDACTED]

[REDACTED] JC informed the Board that a letter will be issued to the Department for Transport in relation to the current Arriva Trains Wales contract. It was agreed that JC would provide a copy of this letter to the Board.

Action: JC to provide a copy of the letter that will be issued to the Department for Transport in relation to the current Arriva Trains Wales contract to the Board.

JC explained the 'day one' changes and emphasised the requirement to maintain the rail service. JC provided an update on rolling stock and the action that is being taken to ensure autumn preparedness. NG queried the process for managing the diesel in the rolling stock to maintain the rail service. JC agreed to include diesel provision in the day one requirements plan. It was also agreed that JC would provide an update to the Board on day one requirements to ensure that the rail service is maintained.

Action: JC to include diesel provision in the day one requirements plan and provide an update to the Board on the day one requirements to ensure that the rail service is maintained.

NG queried whether the Rail Services Team is delivering its mobilisation plan. JC confirmed that the Rail Services Team is currently delivering its mobilisation plan and providing weekly updates to TfW. NG queried whether the Rail Services Team will be ready to deliver the rail service on 14 October 2018. JC stated that he is confident that the rail service will be maintained and that steps can be taken to improve the service. NG stated that discussions will be held after 14 October 2018 in relation to continuously improving the rail service. JP raised the requirement to manage expectations as to which aspects of the rail service will be delivered and when. The Board discussed the changes that are expected from day one. SH stated that there needs to be a

joined-up approach to communications. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Item 1c: Progress Against Milestones and Item 1d: Key Risks and Mitigations

The Board reviewed the key risks and mitigations. NG approved the format of the key risks and mitigations. NG queried the rating applied to several of the key risks. It was agreed that the ratings would be reviewed.

Action: GO to review the ratings applied to the key risks.

Item 1e: Transport for Wales Insurance

GO explained the purpose of the paper for this agenda item. NG queried whether the current level of insurance cover is appropriate. It was agreed that GO would review the current level of insurance cover and that the Board would review the insurance again in 3 months' time.

Action: GO to review the current level of Transport for Wales insurance cover.

Action: KH to add Transport for Wales insurance to the agenda for the Board meeting in October 2018.

Item 2: Any Other Business

Item 2d: Accommodation

The Board noted the paper for this agenda item. The Board discussed the current accommodation and the potential options for providing additional space. MD queried whether co-locating with the Rail Services Team is an option. JC explained the potential option to co-locate the Rail Operations team with the Rail Services Team in St Patrick's House. The Board discussed the likely growth of TfW in terms of headcount. SH queried whether

accommodation options in Pontypridd have been considered. The Board discussed whether the Rail Operations team could be based in Cardiff in the short term, with the wider team being re-located to Pontypridd. KH explained that the location of any roles that TfW recruits to needs to be stated in the advert.

The Board discussed the options for providing additional desks in the current office at South Gate House, which would require placing staff in the meeting room areas and sourcing external meeting rooms. GO explained that there is an option to take additional space on the 4th floor of South Gate House [REDACTED] [REDACTED] GO stated that there is an immediate requirement for additional space to support the increase in headcount. NG stated that the proposal to take additional space on the 4th floor of South Gate House would be considered. NG added that the search area should be expanded outside of central Cardiff and that a longer-term location strategy is required. MD stated that the issue of re-locating to Pontypridd needs to be addressed. NG agreed and confirmed that the view of the Board is that the move towards Pontypridd should commence as soon as possible. JP stated that certain functions would need to be co-located with the Rail Services Team in Cardiff in the short term. It was agreed that a revised proposal would be presented to the Board in relation to accommodation.
Action: GO to present a revised proposal to the Board on accommodation.
Action: Executive Team to develop a location strategy.

Item 3: Date of the Next Meeting

The next meeting is scheduled for 19 July 2018 in Llandudno Junction. The Chair thanked everybody for attending and closed the meeting.

