



Transport for Wales Board Meeting – Minutes

010:00 – 15:30; 19 December 2018

South Gate House, Cardiff

Present:

Nick Gregg (NED & Chair) (NG)

Sarah Howells (NED) (SH)

Heather Clash (TfW) (HC)

James Price (CEO) (JP)

Nikki Kemmery (NED) (NK)

Jeremy Morgan (Secretariat) (JM)

The following attendees from Transport for Wales were present for specific agenda items: Geoff Ogden (GO); Alexia Course (AC); Karl Gilmore (KG); Gareth Morgan (GM)

Part A: Full Board Meeting

1) Bus Presentation

Simon Jones (Welsh Government) was unable to attend the meeting and so this item was cancelled.

2) Introduction

a. Apologies for Absence

The Chairman welcomed the Board to the meeting. Alison Noon-Jones (NED) sent her apologies.

b. Notice of Quorum

A quorum being present, the Chair declared the meeting open. The Chair confirmed that each Director had been given notice of the meeting.

c. Conflicts of interest

The Chair asked if there were any conflicts of interest to declare. No new or updated conflicts of interest were declared.

d. Minutes and action from previous meetings

The Minutes from the previous TfW Board meeting on 21 November 2018 were agreed as a true and accurate record and would be published on the TfW website.

Several outstanding actions were discussed:

- Action 2 – TfW is waiting for the Welsh Government to provide details on high-level KPIs for TfW performance.



- Action 12 – action to be closed when the People Committee Terms of Reference are agreed.
- Action 20 – an interim report on Autumn 2018 disruption to services has been produced and a full report will be tabled at a future Board meeting, after which the action can be closed.
- Action 21 – the Welsh Government and TfW will discuss the closure of all activity around the procurement of the Wales and Borders franchise at the next Programme Board meeting.
- Action 23 – due date on articulating ‘excellent customer service’ to change to February 2019.

3) Safety

a. Safety moment

GM joined the meeting and provided details of a GWR incident in late November on the mainline between Cardiff and Bridgend.

ACTION: GM to insure the Board is informed of significant issues where safety may be compromised.

b. Safety Performance

GM introduced the Safety Update paper. The Health, Safety and Wellbeing (HSW) Committee met on 18 December 2018 and it was clear that TfW Rail Services were starting to understand the Board’s data requirements for infrastructure health, safety and wellbeing.

TfW met with RSSB on 3 December and will meet again in January 2019 along with Rail Services Safety Infrastructure to work towards approving safety management systems.

ACTION: GM and JP to meet ahead of the meeting with RSSB in January.

GM summarised the discussion at the HSW Committee meeting on safety at level crossings including data on incidents. SH requested that data on level crossing incidents include the previous 12 months data to allow for benchmarking. The need to work with Network Rail to provide more public information on safety and the closure of some crossings where safety may be compromised, has initiated an invite to Network Rail to attend the next HSW meeting to discuss education, long-term plans, closures and how TfW can help.

ACTION: GM to provide previous 12 months data on safety statistics to allow for benchmarking.



4) Strategic/Development update

a. CEO's report

JP outlined the major issues in his CEO report. Overall, Tfw has made good progress over the last month: infrastructure projects are progressing well, and the number of trains running is back to normal.

SH challenged JP over there not being a repeat of the problems causing the number of trains to be out-of-action during Autumn 2018. JP stated his confidence in there being no repeat of the issues for the remainder of this Autumn, providing there are no major weather incidents.

JP updated the Board on progress with rolling stock orders.

SH asked about recent recruitment events. It was highlighted that at these events, it is not always clear that there is a difference between Tfw and Tfw Rail Services, even though both organisations are operating under the same brand. There was some concern amongst Board members that Tfw Rail Services were not represented at recent recruitment events.

JP reported that the TWAO consultation period on asset divestment is closed. A plan to become 'regulatory ready' has been developed.

On scrutiny, JP reported that Tfw's appearance before the Assembly's EIS Committee last month was well received. JP and HC also met with the Welsh Government's Permanent Secretary last week.

JP emphasised the need for transparency across the business and that there would be no repercussions for bringing problems to attention.

b. Sub-committees

- (i) **Audit and Risk.** HC reported that the Audit and Risk Committee (ARC) convened an establishment meeting in early December. The process is underway for recruiting a Finance NED who will chair the committee. NK and SH agreed to attend at least one ARC meeting per year. NG also stressed the need to identify an independent member of ARC.

ACTION: HC to keep the Board updated on the appointment of a Finance NED.

- (ii) **Health, Safety and Well-being.** NK updated the Board on the Committee's second meeting which took place on 18 December 2018. There was good representation



from infrastructure, TfW Rail Services and TfW. Discussion centred around availability of data and the need for its consistency across the TfW brand. Other subjects discussed were level crossings, the need for a pro-active approach to safety such as positive interventions and the need to be clear on the top 10 risks.

- (iii) **Communications.** SH informed the Board that the Customer Charter will widen to include Rail Services and will be a joint charter to be shared with the TfW Executive in the new year.

The Board discussed the need for NEDs to bring sub-committee items to the Board such as recommendations, requests for approval and any other actions for the Board.

The Board also confirmed that the TfW Executive team will handle procurement decisions and the Board will only be involved in high risk procurements and subject to management agreement thresholds.

c. Finance

HC introduced the finance paper highlighting that the finance team is focussing on increasing its understanding of processes and accuracy. Overall, finances are becoming more aligned with forecasts. HC reported that there is a slight revenue expenditure overspend for November 2018 which relates to phasing and doesn't have an outturn impact and a significant capital expenditure underspend due to delays in rolling stock claims from Rail Services.

Outturn for 2018-19 is showing underspend of £6.1m on capital expenditure and £0.5m on revenue. Plans are being developed to utilise the capital underspend. NG stressed the need to ensure that this is genuine spend through normal procurement processes, avoiding inappropriate use of single-tender action and that the Welsh Government is engaged in the process. HC emphasised that TfW would not commit to spending the £6.1 million without consulting the Welsh Government and seeking TfW Board approval. The Board agreed to this process.

ACTION: HC to bring a proposal to January's Board meeting on how to spend the £6.1 underspend on capital expenditure and to seek approval from the Welsh Government.

TfW may have to hand the revenue expenditure underspend to the Welsh Government. TfW has already handed back around £0.5m to Welsh Government for 2018-19. HC stressed the need to ensure that the Welsh Government is given plenty of warning on handing back funds. JP requested assurance that other spend plans were considered as part of the discussion with WG.



ACTION: HC and JP to discuss with Welsh Government the potential to use the revenue underspend on Rail Services initiatives.

NG inquired about TfW staff headcount. HC confirmed that there are 18 new staff due to start in January / February, and potentially another 40 before the end of March. The number of secondees from the Welsh Government is decreasing in line with the need to reduce any perception that TfW is not autonomous from the Welsh Government.

HC confirmed that Management Accounts will not be available for January's Board meeting due to the earlier date for the Board which is an exception.

d. Governance Adherence / Performance

Subject to minor changes, the Board approved the draft Board Operating Framework for publication on TfW's website. Board members were unsure whether they had signed the Welsh Government's Code of Conduct for Board Members.

ACTION: JM to check whether Board members have signed the Welsh Government's Code of Conduct for Board Members.

ACTION: JM to oversee publication of Board Operating Framework on TfW website.

e. Business Plan

GO joined the meeting to advise the Board on plans to update the current business plan to align with the Welsh Government's latest remit letter. The updated business plan for 2019-20 will be brought to February's Board meeting. The Board also agreed to produce a business plan in 2020 for the period 2020-22. JP asked whether TfW needs to hold reserves.

ACTION: JM to identify whether TfW needs to hold reserves.

f. Strategic Issues for Future Board Meetings

The Board discussed the need to ensure that if the Welsh Government gives TfW other services, governance processes are in place to accept them.

5) Any Other Business

Board members requested a copy of the TfW reply to a complaint letter received in November 2018 from a service user.

ACTION: JM to circulate copy of reply to a complaint letter received in November 2018 from a service user.



NG informed that as Interim Chair and the imminent appointment of a permanent Chair then this would be his last Board meeting as Chair. An announcement on the appointment of a permanent chair is imminent. NG emphasised the progress made in the last 14 months on the development of TfW and thanked the Board for their support in his role as Chair. The other Board members all expressed their thanks to the Chair for his work in the role of Chair. JP shared with the Board a note received from the Welsh Government formally thanking NG for his work as Chair.

Part C: Operational update session

GO, GM, AC and KG joined the meeting

a. Audit Plan and Strategy

HC introduced the Internal Audit plan. A further part-time internal auditor is due to start in early 2019. The auditor will also be employed by the Welsh Government and an agreed MoU is in place to ensure that TfW findings will not be shared with the Welsh Government and that the internal auditor will report directly to the Audit and Risk Committee. The Board noted the Internal Audit plan and discussed other potential areas for internal audit.

b. Progress against milestones

GO introduced the Programme Milestone Tracker and various trackers were discussed.

ACTION: GO to ensure that new additions to the milestone tracker are clearly indicated.

ACTION: GO to produce a plan on which trackers the Board needs to review.

JP asked whether there is absolute clarity on Welsh Government expectations on the scope of the Asset Transfer business case.

ACTION: AC to confirm that there is clarity with Welsh Government on their expectations of the scope of the Asset Transfer business case.

NG asked whether the Board needed to be aware of the potential impact of the new December 2018 timetable. JP stated that the changes were very minor and would not impact on rolling stock. However, to remain informed, the Board requested a paper to sign-off future changes to the timetable, setting out the impact on the customer, the fleet and any other impact that might create risk.

ACTION: AC to provide a paper for the January 2019 Board meeting on the impact of proposed timetable changes.



c. Key risks and mitigation

GO introduced the risk registers and emphasised the need to focus on transformation of the risk register which focusses upon TfW's approach to risk appetite and categorisation of risks. The Board discussed various strategic and long-term risks that need to be added to the risk register. NG stressed that corporate/strategic risks are the Board's priority, with operational risks less of a priority, e.g. what will stop the business from operating / not running trains or which risks might have a significant effect on TfW's reputation. JP stressed the need to have plans in place to mitigate risks.

ACTION: DOL to ensure risk register is updated to reflect more strategic and a categorisation of risks.

d. Accommodation update

GO provided a verbal update on the Pontypridd accommodation project before a January Board decision on how to manage the fit-out of the new building.

ACTION: GO to ensure that the relevant risk register includes consideration of what happens if the accommodation project is not completed on time.

e. Rolling stock update

JP provided a rolling stock update. SH asked what learning TfW has taken from the Autumn issues relating to flats and wheels. JP outlined two main learning areas:

1. managing issues around wheel flats, including the involvement of external experts; and
2. that the issues have correlated with leaf fall.

JP informed the Board that alternative fleets are likely to be available in April 2019. NG asked if TfW can model the best approach to maintenance to maximise the number of trains in action against bringing in new units to bolster the fleet.

ACTION: AC to provide the Board with any modelling carried out on the availability and best approach to maintenance, to maximise the number of trains operating against bringing in new units.



f. CVL Asset Divestment

AC introduced an update paper on CVL asset divestment and highlighted that it is currently on target to deliver by September 2019. The Board noted the paper and awaits the business case for approval in February 2019.

AC also introduced a paper on the CVL Asset Divestment People Transfer Strategy. In order to comply with the commitments made by the former First Minister to give staff transferring from Network Rail the option to remain employed in the public sector, TfW are looking at a developing a model to allow this to happen whilst the staff in question are working for TfW Rail Services on a day-to-day basis. NG informed that both local government and NHS had previously facilitated similar transfers of staff. NK asked about the arrangements around transfer of medical records for transferring staff, both in terms of gaining consent and the logistics around it. It was agreed that this needed investigation.

The Board noted the paper and discussed some of the risks and issues such as data transfer.

ACTION: AC to check issues around the transfer of medical records from Network Rail.

ACTION: AC to consult with representatives from local government and the NHS on the transfer of staff under similar circumstances to CVL asset divestment.

There was a discussion around the timing of the transfer of the asset being just before Autumn and the need to ensure this was thought through and any risks properly mitigated.

Action: AC/JP to consider and report to February's Board meeting.

g. Board Induction to the Railway and Safety Tours

AC introduced a paper proposing that all TfW staff take part in a day-in-the-life experiencing various aspects of Rail Services operations. The Board agreed to the programme subject to it first being piloted and ensuring that it takes place across Wales.

AC also introduced a paper outlining plans for Directors and the Executive Team to Rail Services on Safety Tours. The Board agreed to this proposal.

h. Communications



JP introduced the communications update for the Board to note. The Board discussed proposals around communications to customers following the Autumn disruption to services. SH wished to formally thank the communications team for their work in over the period of disruption.

i. Any other business

NG informed that as Interim Chair and the imminent appointment of a permanent Chair then this would be his last Board meeting as Chair

NG wished everyone present a happy Christmas and a successful 2019 and thanked everyone for their effort, time and energy in 2018.

The NEDs also wished to pass on their thanks to the teams for their efforts, time and energy in 2018.

