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TfW Board minutes

18 February 2021

Venue: online

10:00 – 16:30;

Attendees

Scott Waddington (SW) (Chair); James Price (JP); Heather Clash (HC); Sarah Howells (SH); Nicola Kemmery (NK); Alison Noon-Jones (ANJ); Vernon Everitt (VE); Alun Bowen (AB); Gareth Morgan (items 2b-2c); Natalie Feeley (items 1-3) and Jeremy Morgan (Secretariat).

Operational update session (Part B): Geoff Ogden (GO); David O’Leary (DOL); Lewis Brencher (LB); Lisa Yates (LY); Lee Robinson (LR); Alexia Course (AC); Karl Gilmore (KG); Gareth Morgan (GM) and Dave Williams (DW).

Part A – Full Board Meeting

The Chair welcomed everyone to the meeting and noted that it had been 12 months since the last time the Board had met in person. The Chair passed on his congratulations for completion of the recent rail transfer.

1a. Apologies for Absence

None.

1b. Notice of Quorum

A quorum being present, the Chair welcomed everyone to the meeting and declared the meeting open.

1c. Conflicts of Interest

None declared.

1d. Minutes & Actions of Previous Meeting

The minutes of the Board meeting 21 January were approved as a true and accurate record, subject to some minor amendments.

2a. Safety Moment

Network Rail recently had a worker fatality. A person was struck by a train but the two colleagues working nearby were unharmed. Once more detail is known lessons will be learnt and applied.

2b. Customer moment

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A courier lost a product being returned and asked for information already held by the company. We need to take care how we interact with customers to ensure customer effort is minimized.

2c. Safety performance

GM joined the meeting. In general, safety performance for this period has been good. The recent transfer of Axis cleaning staff to TfW identified that the standard of facilities requires upgrading and a sub-group been set up to ensure a safety culture is consistently applied across the service.

No RIDDOR reportable accidents occurred in the period. However, two SPADs were reported, and work is underway to identify best practise from other Train Operating Companies. The Board also noted downward trends relating to fatality weighted index; workforce and non-workforce accidents; route crime and physical assaults. However, anti-social behaviour figures are higher than anticipated and there is an increase in people refusing to wear a facemask until challenged.

The Board were informed of an injury sustained at a level crossing in North Cardiff to a person wearing headphones and a hood who did not see or hear the on-coming train. There was also a near miss at a West Wales level crossing involving a dog walker who ignored a train horn.

The Board discussed safety reporting and the roles and responsibilities of the TfW Health, Safety and Wellbeing Committee and soon to be formed TfWRL safety committee. The Board agreed there is a need to clarify the role and responsibilities of the sub-committees to avoid duplication and to arrange a discussion with the relevant individuals **[Action JM]**.

GM thanked Board for their support over last few years. The Chair thanked GM for his work and best wishes for his retirement.

3a. CEO report

JP introduced his CEO report. Although the transfer of rail services went through without issue, there are a significant number of activities running in parallel.

The Board discussed the need to strategically plan for the future and for further future activities likely to fall under TfW's remit and wherever possible mainstream them to both ensure coherence of service design and efficiencies. The Board agreed that there is a need to revisit TfW's strategy at a future meeting **[Action JM]**.

A new Managing Director for Rail Ltd has been appointed and will be announced next month. The individual is already engaging with the organisation through meetings and the development of KPIs.

JP reiterated the need to move towards TfW's main aim of a truly integrated transport network. Key to this is the ticketing strategy and it was agreed that this should feature at a future meeting. SH offered to provide some support and challenge **[Action JP/DOL/SH]**.

The Board were informed that over the last few weeks work has been ongoing with the Welsh Government to explore where it may be possible to bring forward expenditure from future years to the current financial year. It was agreed to develop a list of projects which are ready for mobilisation at the end of each financial year **[Action HC]**.

Work around bus services continues with significant dialogue on future responsibilities of the Welsh Government, local authorities and TfW as well as ongoing support for Bus Emergency Support and Fflecsi. Central to all thinking and discussions on bus services is to keep the strategic outcome of a joined-up transport network.

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The Board noted the report.

3b. Finance

HC introduced the finance report. The Board's attention was brought to the key finance activities over the last month, particularly around mobilisation of TfW Rail Ltd, year-end, new services including cleaning, active travel grants, bus initiatives, other new initiatives for the new financial year, and the new financial year remit and budget provision for 2021-22 .

The Welsh Government has committed to updating TfW Articles of Association, with a particular need to identify a more efficient method to allow TfW to purchase land and property so as not to delay CVL transformation. Discussions also continue with the Welsh Government over the transfer of ERDF lead beneficiary.

The Board noted the January 2021 management accounts. In the month revenue expenditure was at £39m (excluding non-cash) of which £37m related to Rail the majority of which is passed through to the ODP and as part of termination of the Grant Agreement. In the month capital expenditure was at £10m of which £9.7m related to Rail.

NF left the meeting and was thanked for her contribution over the last 12 months.

[REDACTED]

3c. Audit procurement

TfW's current contact for audit services expires in May 2022. The recent transfer of rail services from Keolis Amey to TfW resulted in a significantly increased audit scope and fees of the TfW group of companies. To be fully compliant with the procurement rules TfW would need to run a full procurement exercise for the year ending 31 March 2022. However, the Audit and Risk Committee has reviewed the situation and believes that for a number of reasons that holding an audit tender exercise in 2021 would be problematic and that this situation has only arisen as a result of the unprecedented events arising from the COVID-19 pandemic, which could not reasonably have been foreseen at the time when the original contract was tendered.

The Board approved a recommendation from the Audit and Risk Committee that the current auditor should continue as TfW's auditor for 2020-21 and 2021-22 and that an audit tender is not held in 2021, but takes place in 2022, for the reasons set out to the Board.

3d. CG framework

The Board agreed to adopt a Corporate Governance Framework for TfW group of companies setting out the high-level corporate governance framework that applies across the group. Each statutory director will be asked to confirm they have read and understood the document, that they will comply with both the Conflicts of Interest Policy for the TfW group of companies and the Cabinet Office Code of Conduct for Board Members of Public Bodies.

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3c. Update on sub-committees

The Board were updated on the work of the Customer and Communications Committee.

3d. Steering Board

The Chair updated the Board on the recent meeting of the TfW Steering Board which discussed OLR readiness, the appointment of the TfW Rail Limited Managing Director, organisational structures, KPIs, bus services, TfW remit letter, business plan and budget; response to the Burns Commission and TfW's Articles of Association.

Part B – Operational update session

LB, LR, DW, AC, KG, DOL and GO joined the meeting.

5a. IT update

The Board were given a presentation on current and planned IT and digital projects and initiatives. The Board noted the presentation and welcomed the progress made.

5b. Communications

Brand impression dipped in December 2020/January 2021, likely as a result of timetable reductions and the three-week blockade in place for CVL transformation. A name training competition – 'The Magnificent Train Journey' will launch on 21 February. JP appeared at the Welsh Affairs Select Committee on 11 February 2021 to provide evidence, alongside Network Rail, on Railway Infrastructure in Wales. Communication and staff engagement continues to be a key focus, keeping staff informed and as up to date as possible during this challenging time, to help keep staff safe and continue delivering our services as safely and effectively as possible.

5c. Strategic Risk Register

A review of TfW Rail Limited risks is to take place imminently to understand the organisation's risk profile. Whilst accountability for these risks will be managed by the TfW Rail Limited Board, it is possible that some will be escalated up to TfW. An update will be provided to the board after the review is complete.

The Board were informed that several risks had been removed since the transfer of rail services including business failure of the ODP, continuing economic support for the ODP, failure of the rail futures programme and liabilities transfer from TfW Rail. The risk on economic support for the ODP has now been absorbed into a wider risk on TfW funding.

The Board discussed and agreed several changes to risk descriptions and merging COVID-19 risks into the main risk list.

The Board noted the content and changes to the Strategic Risk Register.

5d. Acquisition of PTI Cymru

The Board considered a paper setting out a recommendation proposing the acquisition of PTI Cymru Holdings Ltd and its subsidiary companies following recently completed legal and financial due diligence. The acquisition has been remitted by the Welsh Government and following TfW Board approval, the acquisition will require Welsh Ministers approval.

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The Board were briefed on the in-depth legal and financial due diligence which identified no issues of concern. The Board were also briefed on acquisition arrangements, plans for transition and integration into TfW and governance. The Board approved the following:

- to formally propose and seek agreement from the board of PTI Cymru Holdings Ltd that Transport for Wales acquires the organisation and its subsidiaries at the nominal share value;
- submit this proposal to the Welsh Government for their consideration and the further approval of the Welsh Ministers;
- with the support of our legal advisors, conduct the acquisition process detailed in section 5 of the paper;
- subject to the approval of all parties and the successful completion of the acquisition process, to acquire PTI Cymru Holdings and constitute it as a subsidiary of Transport for Wales;
- upon acquisition, make appointments to the PTI Cymru Holdings board, namely the TfW Commercial & Customer Experience and Communications & Engagement Directors.

5e. Mergers and acquisitions

The Board were notified of ORR's recent decision to reject Grand Union Train's application to run additional rail services between South Wales and London due to the current state of rail finances. It is unclear at this stage whether Grand Union Trains will seek leave to appeal or consider an amended application.



5f. Bus update

The Board were updated on the key activities, risks and mitigations around bus services covering funding, network design and development, concessionary cards, Fflecsi expansion and Traws Cymru transfer.

5g. Milestone trackers

The Board noted the content and changes to the corporate and programme trackers.

5h. Cardiff Central Enhancements Project - GRIP 2-4

The Board considered a recommendation requesting delegation from the Board to TfW's Senior Leadership Team to enter into contract to deliver GRIP 2-4 Design Services for the Cardiff Central Enhancements Projects with the successful bidder from the current procurement exercise. The value of the contract is likely to be over £5 million. This would ordinarily require approval of the Board, but due to alignment of dates for the Board meetings, delegated authority is required for approval in early March. The Board accepted the recommendation and asked to be notified of any material changes to the proposal presented.

5i. FIT programme update

The Board considered recommendation for the transfer of the management of the Welsh Government's TrawsCymru Grants Fund from the Welsh Government to TfW, along with agreement that TfW is the contracting body for future TrawsCymru services. This agreement would be subject to ongoing work to confirm required budgets and finalising

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delivery arrangements. Grants will be Welsh Government grants administered by TfW but procured via a third party operator contracted to TfW. The Board accepted the recommendation.

5j. Infrastructure projects – 6 month lookahead and CVL dashboard

The Board noted the CVL transformation dashboard providing an update on progress and key risks.

Several escalation points have been raised and Amey has agreed to accelerate its own design and resource levels. Gelynis Farm overbridge has been submitted to Cardiff Council for planning approval.

The Board asked whether all the correct permits for were in place for de-vegetation works. It was confirmed that all the correct permits are in place.

The Board welcomed the completion of the Bow St project and passed on its thanks to the delivery team.

5l. Voluntary Exit Scheme

The Board were introduced to TfW’s draft Voluntary Exit Scheme. A scheme had not previously existed and the draft scheme will align TfW with the rest of the public sector. It was confirmed that the scheme aligns with the Welsh Government’s voluntary exit policy and procedure. The Board emphasised the need for the scheme to underpinned by good governance, and to clearly state that people cannot return to TfW in a consultancy capacity. The Board approved progress made to date.

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The Chair thanked all attendees for their input and noted that even though rail transfer has been completed, there is still more coming our way. The Chair thanked all for the amount of work put in.