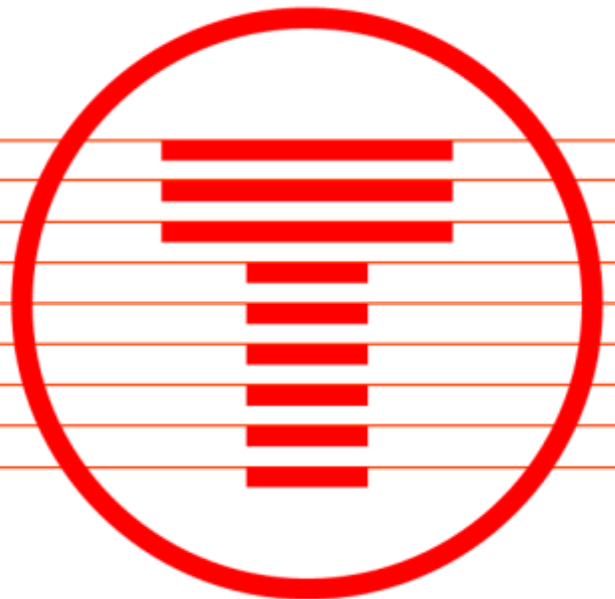




TRAFNIDIAETH CYMRU
TRANSPORT FOR WALES

Board Operating Framework



Mae Trafnidiaeth Cymru yn eiddo i
Lywodraeth Cymru
Transport for Wales is owned by the
Welsh Government



Contents

| | | |
|----|--|---|
| 1. | INTRODUCTION | 3 |
| 2. | ROLE OF THE BOARD | 3 |
| 3. | MEMBERSHIP | 3 |
| 4. | INTERESTS | 6 |
| 5. | BOARD COMMITTEES | 7 |
| 6. | BOARD DECISIONS AND WAYS OF WORKING | 7 |
| 7. | EFFECTIVENESS REVIEW | 8 |



1. Introduction

- 1.1 Transport for Wales (TfW) exists to Keep Wales Moving safely by delivering customer focused services, expert advice and infrastructure investment.
- 1.2 TfW is a not-for-profit company, wholly owned by the Welsh Government. Across Wales and its borders, it collaborates with other transport providers, partners and stakeholders to deliver a safe, accessible, reliable, affordable and low carbon integrated transport system.
- 1.3 TfW does not set policy, nor does it exercise any statutory function. However, it is the Welsh Government's expert adviser and advocate for transport-related matters. It provides technical advice to allow the Welsh Government to develop policy. Everything it does is discharged within the Welsh Government's policy framework.
- 1.4 This Operating Framework is intended to set a clear governance framework for TfW's Board.

2. Role of the Board

- 2.1 The TfW Board oversees all the activities of Transport for Wales, ensuring that high standards of corporate governance and ways of working are maintained. It operates collectively, concentrating on:
 - ensuring effective arrangements are in place to provide assurance on governance;
 - strategic and significant issues affecting the operations of Transport for Wales in delivering its aims and objectives; and
 - the implementation of the Board's strategy. It steers, scrutinises and challenges the effectiveness and efficiency of TfW's performance, with a view to ensuring its future and the vision of creating a transport network of which Wales is proud.

3. Membership

- 3.1 The TfW Board consists of a Chair, Executive and Non-Executive Directors, who have a balance of skills and experience appropriate to directing TfW's business. It is the responsibility of the Chief Executive to ensure that the Board is made aware of key reputational issues, including anything considered as novel, contentious and repercussive, and any significant complaints.



- 3.2 Members of the Executive Team will attend the Operational Update Session of Board meetings as required to provide information and to present papers.
- 3.3 The Welsh Ministers have the right to appoint, and maintain in office, Welsh Government civil servant(s) as Guarantor Member representative(s) in an observer capacity to attend the TfW Board and Board Committee meetings. The Welsh Government Observer(s) will play no part in the decision-making process of any TfW Board or Board Committee.
- 3.4 Membership of the Board comprises two Executive Directors and five Non-Executive Directors:
- Chair (Non-Executive)
 - Chief Executive Officer (Executive)
 - Finance Director (Executive)
 - Four Non-Executive Directors with responsibility for communications and customer, audit and risk, health, safety and sustainability and people.

Transport for Wales Chair

- 3.5 The Welsh Ministers have the right to appoint and maintain in Office the Company Chair. The Chair of TfW is accountable to the appropriate Minister. Communications between the TfW Board and the Minister shall, in the normal course of business, be conducted through the Chair, who must ensure the other TfW Directors are kept informed of all such communications. He or she is responsible for ensuring that TfW Board's policies and actions support the Minister's wider strategic policies, and that its affairs are conducted with probity. Where appropriate these policies and actions must be communicated and disseminated throughout TfW.
- 3.6 The Chair has particular leadership responsibility for:
- formulating TfW Board's strategies;
 - ensuring that the TfW Board, in reaching decisions, takes proper account of applicable statutory and financial management requirements and all relevant guidance including any relevant guidance provided by the Welsh Ministers;
 - promoting the economic, efficient and effective use of staff and other resources;
 - ensuring high standards of regularity and propriety; and



- representing the views of the TfW Board to the public.

3.7 The Chair must also:

- ensure all TfW Directors are briefed fully on the terms of their appointment, and on their duties, rights and responsibilities;
- ensure he or she, together with the other TfW Directors, receive appropriate training, including on the financial management and reporting requirements of public sector bodies, and on the differences which might exist between private and public sector practice;
- ensure the TfW Board has a balance of skills appropriate to directing TfW's business, and advise the Minister for Economy and Transport on any Board appointments;
- notify the TfW Sponsor Team of any proposed changes to the structure or membership of the TfW Board;
- assess the performance of individual TfW Directors and Board Members;
- ensure a code of conduct for TfW Directors is in place consistent with the Model Code of Conduct for Board Members of Public Bodies in Wales; Code of Good Practice (February 2017) as it applies to Welsh Government Arms-Length Public Bodies; and
- report to the Welsh Government, via the TfW's Sponsor Team.

Board Members

3.8 All Board members (both Executive and Non-Executive members) should:

- comply at all times with UK Corporate Governance Code;
- this Operating Framework;
- the terms of their contracts; the principles relating to the use of public funds as set out in Managing Welsh Public Money; and
- both the Welsh Government's Code of Conduct for Board Members and the Guidelines for Board Members of TfW;
- act in the public interest and uphold the seven principles of public life – selflessness, integrity, objectivity, accountability, openness, honesty and leadership;



- not misuse information gained in the course of their public service for personal gain or political profit, nor seek to use the opportunity of public service to promote their private interests or those of persons or organisations with whom they have a relationship;
- comply with Welsh Government's and TfW's rules on the acceptance of gifts and hospitality, and of external business interests; and
- ensure that they understand their duties, rights and roles and functions of the TfW Board; and
- raise any matters of concern through the Board acting collectively via the Secretariat or the Chair and may not, acting individually, give instructions to officials.

Non-Executive Board Members

3.9 Non-Executive Board members are there to support the Chair and should:

- provide an independent and objective perspective;
- constructively challenge proposals presented to the TfW Board;
- attend TfW meetings on a regular basis;
- scrutinise the performance of TfW in meeting agreed goals and objectives and monitor the reporting of performance by the TfW Executive team;
- uphold high standards of integrity and probity and support the Chair and the other directors in instilling the appropriate culture, values and behaviours in the boardroom and beyond;
- ensure that the financial viability of TfW is maintained;
- take into account the views of stakeholders where appropriate;
- agree TfW's annual accounts and ensure that any statements made fully reflect TfW's financial position;
- offer constructive criticism and challenge to the Executive team.

4. Interests

4.1 TfW maintains a register of interests for both Executive and Non-Executive Directors which is reviewed quarterly. It is the responsibility of both Executive and Non-



Executive to withdraw from any discussions in which they have any interests which may, or may be perceived to, influence their judgement.

5. Board committees

5.1 The Board may appoint Committees to provide assurance in relation to TfW's operations. Each Board committee shall be chaired by a Non-Executive member of the Board, appointed by Board agreement. The composition, terms of reference and reporting requirements of such committees shall be approved by the Board, from time to time. The standing Committees of the TfW Board are:

- Approvals
- Audit and Risk
- Customer and Communications
- Health, Safety and Wellbeing
- People

6. Board decisions and ways of working

6.1 Matters that are currently reserved for the Board for approval, consideration or agreement are set out in the Scheme of Delegations and summarised in Appendix 1.

Meetings

6.2 The TfW Board will meet 11 times per year. The secretariat will circulate papers for Board meetings five days prior. The TfW Board recognises the importance of conducting its meetings in an open and transparent way.

Quorum

6.3 No business shall be transacted at a Meeting of the Board unless half the number of the Directors currently appointed are present. If the Chair is unable to attend any meeting of the Board due to unforeseen circumstances, the meeting can take place and business transacted in the absence of the Chair. Those present at the meeting shall nominate a Non-Executive Director to chair the meeting.

Minutes

6.4 The Board Secretariat shall prepare the Minutes of Board meetings and will submit them for approval at the next meeting. Minutes will include a record of decisions,



actions and any members' declarations of interest. Draft minutes shall be circulated to Board members within seven days of the meeting and shall be submitted to the next Board meeting for approval.

- 6.5 Once the Board approves the minutes, they will be a matter of public record and publicly available on TfW's website. Matters considered as 'Protected' or 'Restricted' will not normally be available publicly. This is subject to and in accordance with freedom of information legislation.

Decisions

- 6.6 Where a Board decision cannot be achieved by consensus a vote will be held. In the case of equality of votes, the Chair (or acting Chair) will have the casting vote.

7. Effectiveness review

- 7.1 The Board shall take time at least annually and in conjunction with the Welsh Government, to review its operating procedures and effectiveness. The review will concentrate on relationships, documentation and the Board's capacity to challenge. Participation in this review shall be compulsory for all Members. The annual effectiveness review will also consider the current mix and balance of skills and understanding on the Board.
- 7.2 Evaluation of each Member's performance shall be undertaken annually by the Chairman in conjunction with each individual Board Member. The opportunity will also be taken to identify any training or development needs appropriate for individual Members which have not already been identified during the year. A copy of the effectiveness review report will be sent to the Welsh Government once approved by the Board. Participation in the individual appraisal process shall be compulsory for all Members.



Appendix 1 – matters reserved for the Board

Matters that are currently reserved for the Board for approval, consideration or agreement as set out in the Scheme of Delegations:

- strategic aims and objectives;
- Annual operating and capital expenditure budget
- Approval of business plan
- Approval to any significant change in accounting policy
- Approval of company annual accounts
- Changes to the company's corporate structure
- Changes to the company's management structure
- Approval of novel or contentious decisions if the impact will affect company performance
- Pension scheme trustee or structural changes
- Financial Issues related to staffing other than pensions e.g. training costs, fees, vouchers schemes, etc.
- Major investments decisions such as acquisitions, mergers or disposals
- Decisions related to accommodation and facility management which have the potential to cause business disruption
- Decisions related to defending or entering into litigation not dealt with as a contractual matter costing over £1 million.
- Approving company risk appetite statements.
- Approval of insurance levels
- Agreement to New Business Activity or Project Proposals (Revenue) valued over £5 million.
- Agreement to commence procurement of activity within business plan valued over £5 million.
- Agreement to enter into supply contract procured using procurement policy (including task orders placed under frameworks) valued over £1 million.



- Agreement to enter into service contract procured using procurement policy (including task orders placed under frameworks) valued over £1 million.
- Agreement to enter into works contract procured using procurement policy (including task orders placed under frameworks) valued over £10 million.
- Agreement to enter into contracts not in the normal course of business e.g. loans or repayments or outside of procurement policy valued over £250,000.
- Approval to vary an existing contract valued over £500,000.
- Transfer of contractual obligations / rights to or from the company (novation) valued over £10 million.
- Approval of resolutions and documentation to be put to guarantor member (WM).
- Board appointments
- Changes to the structure, size or composition of the board
- Appointment of senior independent director to provide sounding board for Chair
- Membership and Chair of other committees
- Appointment of senior independent director to provide sounding board for Chair
- Termination or suspension of Directors
- Approval of delegated authority levels and / or changes to the same
- Establishment of board committees and approving their terms of reference
- Receiving reports from board committees on their activities
- Determining the remuneration of Directors and other senior executives

The following are matters where the Board would expect to be made aware:

- Any matter that would have a material impact on the TfW's financial position, liabilities or reputation. This includes anything considered as 'novel, contentious and repercussive', and significant complaints.
- Anything, not specifically identified, that might reasonably be considered as materially significant and strategic – i.e. of scope and importance outside day of day management activities.