



Transport for Wales Board Meeting – Minutes

09:30 – 16:30; 21 March 2019

South Gate House, Cardiff

Present:

Scott Waddington (NED & Chair) (SW)

Sarah Howells (NED) (SH)

Heather Clash (TfW) (HC)

Jeremy Morgan (Secretariat) (JM)

James Price (CEO) (JP)

Nikki Kemmery (NED) (NK)

Alison Noon-Jones (ANJ)

The following attendees from Transport for Wales were present for Part C: Geoff Ogden (GO); Alexia Course (AC); Karl Gilmore (KG); Gareth Morgan (GM); David O’Leary (DOL); Lewis Brencher (LB) and Lee Robinson (LR). Ben Hutchison (BH) was present for Part C item g, Kathryn Harries was present for Part C item b; and Gary Forde (GF) was present for Part C item j.

Part A: Full Board Meeting

1) Introduction

The Chairman welcomed members of the Board to the meeting.

a. Apologies for Absence

There were no apologies for absence.

b. Notice of Quorum

A quorum being present, the Chair declared the meeting open.

c. Conflicts of interest

No conflicts of interest were declared.

d. Minutes and action from previous meetings

The Minutes from the previous TfW Board meeting on 21 February 2019 were approved as a true and accurate record.



2) Safety

a. Safety moment

NK shared information about the recent conviction of DB Cargo (UK) Ltd after a four-week trial of one offence under the Health and Safety at Work Act, following a prosecution by the Office of Rail and Road (ORR). The incident involved a 13-year-old boy suffering life-changing injuries after receiving an electric shock from 25,000-volt overhead line equipment at Tyne Yard in Gateshead. Trespassers at the yard visited a disused signal box which DB Cargo failed to secure and failed to ensure that non-employees were not exposed to risks to their health and safety through its activities. DB Cargo were fined £2.7m.

GM raised a local issue regarding the on-going demolition of the adjacent St David's house where the work has resulted in reduced visibility when crossing Wood St.

b. Safety Performance

GM updated the Board on several health, safety and wellbeing activities over the last month.

Work continues to towards TfW gaining the necessary safety authorisation for CVL asset transfer. A first draft has been submitted to ORR and will be considered on 8 April, which should allow enough time to gain the required certification.

Progress has been made on several internal items:

- Internal training has taken place on ROSPA, CIRAS and safety audits.
- Seven TfW staff have been trained in mental health first aid.
- Progress has been made in developing the Employee Assistance Programme, although with the ODP also setting up an EAP, TfW is looking at the prospect of developing a joint programme.
- Testing procedures related to the drug and alcohol policy are being evaluated.

Regarding safety performance, two level one incidents have been reported in the last month but there was no accompanying RIDDOR reporting. It was subsequently established that one incident was a suicide and the other was a trespasser struck by a passing train and therefore both incidents are exempt from RIDDOR reporting.

Several near misses (when emergency brake applied by driver) at level crossings have been reported. The Board expressed a wish to know about the nature of any incidents should it need to take further action. NK stressed the need to ensure that reasonable steps have been taken even if a site or area of the network cannot be made completely secure.



The Board discussed reporting incidents of crime on the network. JP stated that CCTV will be in place on all stations on the network in the future and that British Transport Police are providing good coverage.

ACTION: GM and LB to identify most appropriate method to report crime statistics.

NK informed the Board that the next Health, Safety and Wellbeing Committee will consider the OPD's top 10 health, safety and wellbeing risks. The Board agreed the importance of understanding these risks, given lines of accountability.

3) Strategic / Development update

a. CEO's report

JP provided a summary of his CEO's report, stating that the overall message is positive and that TfW continues to make good progress, particularly regarding medium and long terms plans. However, teams are guarding against complacency. SW stressed that the Board needs assurance that there will be no surprises and that if problems arise, early warnings are given and can be effectively dealt with and that the Board can provide support if necessary.

Rail performance continues to improve but ensuring sufficient capacity remains a priority. TfW is investigating potential new to TfW rolling stock, which is covered in a paper later in the meeting. The service ran well last Saturday for the Wales v Ireland rugby match.

SW stated the need for TfW to be in control of any messages given to customers to guard against over-confidence, and that any messages put into the public domain regarding TfW's activities need referring to TfW prior to release.

ACTION: SW and JP to raise at the TfW Steering Board need for TfW to be in control of messages give to customers.

Chris Gibb has provided useful advice on train planning and will continue to assist for one day per month over the next 12 months. His work will include reviewing train planning for each period with Rail Services and to provide TfW with assurance that the ODP has sufficient capacity and capability.

Dialogue continues over future activities from the Welsh Government. JP highlighted the governance and accountability risk of some services potentially being branded as TfW but not being officially transferred to TfW. JP also highlighted the need for new work to have the proper governance around it such as being challenged by the senior leadership team the Board and being subject to gateway reviews. LR is now line manager and sponsor for TfW work on bus services.

SW asked for the Board to have a bullet-point summary of JP's evidence given at the recent National Assembly EIS Committee evidence session.



ACTION: AB (Andrew Bold) to provide Board with key messages from JP's recent evidence session at the EIS Committee and for a summary to be produced for all future evidence sessions.

Plans for CVL asset divestment are progressing but there is currently a significant 'gap' between the Network Rail proposed OMR and the TfW proposed OMR which requires resolution by ORR as independent arbiter.

b. Update on sub-committee progress

Each NED updated the Board on recent sub-committee meetings:

- Customer and Communications - SH is in the process of developing the committee's forward work plan.
- Health, safety and wellbeing – no meeting has taken place since the last Board meeting. The next Health, safety and wellbeing committee meeting is scheduled for May.
- ANJ – the third People Committee meeting took place earlier this month and the committee approved the mandatory training programme and discussed pay and grading and TfW's wellbeing strategy.

c. Finance

HC introduced the highlights from the finance report and February management accounts.

Internal audit has reported on procurement, Wefo claims, cash at bank and compliance with CDR policy. All reports included recommendations which are being actioned. Internal audit findings and conclusions will underpin JP's annual governance statement.

HC stated that financial year end plans are in hand with a trial balance to be produced on the fifth working day after year end and the draft accounts to be submitted to the Welsh Government by mid-May. External audit of 2018-19 accounts will commence at the end of April with final accounts planned for sign-off by the end of June to allow Welsh Government consolidation.

Good progress is being made on the new finance system with the aim of core accountancy going live in April. Training continues to be rolled out for staff. The main challenge is around project accounting which will go live in early May and is now in the user acceptance testing phase. Expenses and timesheets will go live in July, to allow for a Microsoft upgrade. HC confirmed that the relationship with the implementation team is still strong.

HC reported that overall forecasting is improving but the year-end outturn is forecasting an underspend.

d. Governance



SW confirmed that the process for appointing a Non-Executive Finance Director has almost concluded. Five candidates were interviewed by SW, TfW's People and Organisational Development Director and a senior Welsh Government finance official. An offer has been made to the preferred candidate with a proposed start date of 1 April. Plans will move ahead for appointing a non-executive director with transport expertise.

SW reported on the last Steering Board meeting, which concentrated on agreeing the group's terms of reference.

e. Strategic issues for future board meetings

JP stated that the Board will need to give some strategic consideration of bus services in the near future, as well as the Transport Change Programme.

4) Any Other Business

The Board agreed a deadline for submission of Board papers for the Friday before a Board meeting.

Part B - Confidential Session (by exception) - confidential HR Matters

The Board discussed one confidential HR matter which will be referred to the People Committee. This is minuted separately.

Part C – Operational update session

a. Customer Culture

DOL gave a presentation on the proposed 'Customer first' approach whereby customers will be at heart of all TfW activities and all decisions across all modes of transport. The approach will also need to be shared and understood by all TfW and Rail services staff.

The Board discussed the proposed approach and agreed the principles behind it, the need to ensure engagement and buy-in from all stakeholders and the need to embed it into organisational culture.

b. Pay & Grading / Salary Banding

GO provided the context for a paper on phase one of the pay and grading work. KHK confirmed that the proposed pay and grading structure had been independently benchmarked.

A flexible benefits project is also underway, and a paper will be submitted to the Board in April or May.

The Board approved the pay and grading / salary banding.

c. Rolling Stock

AC introduced a business case which was this week sent to the Welsh Government. The paper sought Welsh Government funding for additional rolling stock required for the



implementation of the May timetable, mainly due to the late arrival of new 769 units. The additional rolling stock is outside Rail Services' contractual obligation. Four options were presented to the Welsh Government. The additional cost to the Welsh Government is likely to be in the region of £0.6m, but TfW is yet to receive all the ROSCO's final quotes and the full costs of driver training are not yet known but are likely to be in region of £0.5m. HC raised that there is a variation proposed by the ODP which ranges in value between £2m and £3m which still requires due diligence and a ODP negotiation. The variation is due to the delayed introduction of 769s which was planned prior to the franchise agreement commencing in October 2018. This additional rolling stock will likely provide more capacity than if just the 769s had been received.

ACTION: AC to make it clear in the business case that this additional rolling stock will result in greater capacity than just the 769s.

The board asked for confirmation that the proposal was value for money and were told that this was less expensive than anticipated and would help ease any potential capacity issues with the rollout of the May timetable.

d. Catering

AC introduced a paper on options for bringing on-train catering services to TfW management and to put TfW in a front-line delivery position as envisioned by the Welsh Government. The Board were assured that the current contractors and Rail Services were aware of TfW's intention and that staff would be transferred under TUPE.

JP outlined the benefits of delivering catering services in-house. It provides an opportunity to better determine the service, manage the scale and any necessary changes, as well as having more control over costs and other issues such as wider benefits such as Welsh branding and local procurement. It was also explained that notice would be given to terminate the contract but would not be implemented until the optimum time and that the transition would be staged subject to restrictions of the contact.

The Board approved the transfer of delivery of on-train catering services to TfW, that the benefits appear to outweigh the costs, and for the transfer approach to be refined following negotiation with Keolis Amey to minimise costs.

e. OLR / IMLR

AC introduced a paper on Operator of Last Resort (OLR) and Infrastructure Manager of Last Resort (IMLR). The paper presented the contingency arrangements in place, or being put in place, to continue rail services and infrastructure management (IM) services in the event of ODP failure. The paper also included the actions required to create a fully independent OLR facility to replace DfT as the provider of OLR services.

Concerning OLR, the Welsh Government has an objective to create an independent OLR facility, and Welsh Ministers could develop a capability to replace the services that are currently provided by the DfT under the OLR sub-contract. This would involve a combination



of in-house capability at TfW, consultants instructed on a continuing basis and call-off arrangements.

AC confirmed that IMLR arrangements are currently being developed to provide Welsh Ministers' the ability to ensure continuity of infrastructure services where the ODP's obligations to deliver such services are terminated.

The Board noted the contingency arrangements in place for OLR and being put in place for IMLR, and the requirement to develop of a detailed case for change and implementation plan to transition to a fully independent OLR service by 2021.

f. Infrastructure Mobilisation: update on regulatory processes

AC updated the Board on the latest position regarding regulatory approvals required by ORR, without which the CVL asset transfer planned for September 2019 will not be possible. The Board noted the current status of the regulatory process and dialogue with ORR and that subject to further progress with the various access and connection agreements, there is a good level of confidence that the necessary regulatory approvals will be in place in time for the proposed asset transfer date of 20 September 2019.

g. Concessionary Bus Travel Scheme

JP introduced a Welsh Government letter remitting TfW to support the Welsh Government in undertaking preparatory work to bulk issue replacement concessionary travel cards by 31 December 2019 instead of local authorities. The Board noted the contents of the letter.

h. Bus remit

BH joined the meeting and gave a presentation on TfW's current work on behalf of the Welsh Government on bus services around three areas: investigating the causes of decline in bus patronage; proposing a range of potential solutions; and exploring what has worked and not worked elsewhere. The Board was told about some of the current models being investigated to improve bus services across Wales such as integrated ticketing. The Board noted that TfW is discussing its bus services remit with the Welsh Government which is yet to be fully agreed.

i. Location / Accommodation Strategy

LR introduced a paper on TfW's future location and accommodation strategy, which loosely ties with the Welsh Government's estates strategy and current relevant policy/legislation. It was emphasised that although the strategy has several drivers, it will largely be determined by any additional services TfW receives from the Welsh Government and that the strategy would have to balance between having an all-Wales presence with travel to work and people needing to be where they need to be.

The Board approved the strategy and agreed for it to be discussed with the Welsh Government.

j. Infrastructure Projects



KG introduced a paper updating the Board on the current status of infrastructure projects.

- Bow St (Ceredigion) – this project was introduced to TfW as a project already in progress. TfW were not involved in the feasibility. TfW has discovered that the planned car park for the station may require environmental mitigations which could increase project costs and delays.
- Llanwern – this project was introduced to TfW as a project already in progress. TfW were not involved in the feasibility. Progress is being made but there are several constraints which are currently being managed. 2.4 kms of track has been designated as a Development of National Significance (DNS) which could result in a time delay.
- Other infrastructure projects are progressing well.

The Board noted the paper.

k. CVL Asset Transfer Business Case

GF joined meeting to give a presentation on the CVL Asset Transfer business case and offered to provide 1-2-1s for any Board member requiring more detail.

The Welsh Government has previously approved a Full Business Case for the Wales & Borders Franchise and South Wales Metro (FBC1). The business case sought approval for the appointment of KeolisAmey (KA) as the ODP, but did not seek approval to transfer the CVL from NR to TfW. FBC2 builds on FBC1 and focuses specifically on the CVL transfer. It has been prepared in line with HMT Green Book guidance.

The case for asset transfer remains strong and includes a mix of fixed assets and people transferring to TfW to maintain it. The final BCR figures are still being calculated. Fixed telecoms and GSMR will remain with Network Rail, but all land will be transferred as well as the risks of asset ownership.

HM Treasury will provide a block grant to the Welsh Government which will then be transferred to TfW to purchase the asset and cover CVL OMR charges. Work continues to clarify CVL OMR maintenance funding. Based on the most recent valuation provided by Network Rail, the CVL RAB is currently valued at £417m in 2017/18 prices.

The Board approved the business case to be presented to the Welsh Government next week.

l. Transport Change Programme update

GO provided an update on the Transport Change Programme. The Welsh Government has given instruction to develop a Strategic Outline Case (SOC) based on the HM Treasury Five Case Model, followed by an Outline Business Case/Business Justification Case for each transport function mode (Active Travel, Aviation, Bus, Ports, Strategic Roads Network, Taxis & PHVs). These will inform the case for transfer to TfW. The working assumption that strategy and policy development will remain in the Welsh Government. It is proposed that



the full SOC will be submitted to the Welsh Government Assurance Group mid-April ahead of the following Transport Change Board.

The Board noted the paper

m. Progress against milestones

GO introduced the Milestone Trackers. On the Corporate tracker, some items have changed their RAG status from yellow to green, but two items remain red but are being managed. May and June will be used to do backward review to see how close Tfw is to business as usual. The Board agreed that the tracker can now be used to monitor corporate development.

n. GDPR

LR introduced a paper on cyber risk and compliance with GDPR. Actions taken over recent weeks have significantly reduced Tfw's IT risk exposure, but further ongoing actions are in place to further improve the position and then to obtain certification (e.g. Cyber Essentials Plus) for the IT security status of its networks.

A GDPR audit was carried out before Christmas 2018 and action taken. A further review took place in February 2019, using the Information Commissioner Office's self-assessment tool. Further action was taken as a result.

The Board noted the paper.

o. Key risks and mitigations

DOL provided an update on the strategic risk register. The status of several risks have been updated following action and two risks have been added – the company's Articles of Association and concessionary bus cards.

p. Communications

LB introduced the communications dashboard. Branding impression continues to improve. Several campaigns were launched during the last month with the International Women's Day campaign particularly successful. Media coverage was also good, with a complimentary Western Mail article.

Responses to customer complaints are being handled well, with 90 per cent handled within 10 days against a target of 20 days.

The Board were thanked for their attendance. The next Tfw Board meeting is scheduled for Thursday 18 April 2019, at South Gate House, Cardiff.

