

TfW Board minutes April 2020

10:00 – 16:30; 23 April 2020

Clive House, Bradford Place, Penarth

Due to the Covid-19 outbreak, the meeting took place via video/audio conference.

Attendees

Scott Waddington (SW) (Chair); James Price (JP); Heather Clash (HC); Sarah Howells (SH); Nicola Kemmery (NK); Alison Noon-Jones (ANJ); Vernon Everitt (VE); Andy Carney (ACa) (items 1a – 2c) and Jeremy Morgan (Secretariat).

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

Part A – Full Board Meeting

1a. Apologies for Absence

Alun Bowen (AB); Natalie Feeley (NF) and Gareth Morgan (items 1a – 2c and Part B).

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 19 March 2020 were accepted as a true and accurate record.

2a. Safety Moment

The Board discussed the importance of not losing sight of basics of health and safety and the risk of being overtaken by the response to the Covid-19 outbreak. This applies both to staff working in their normal environment and those working at home.

A track fatality in Northampton occurred before the lockdown, whereby the controller of site safety had given the line back to the signalman but was subsequently hit by a train. Lessons from the incident will be sought and applied to TfW.

2b. Customer moment

The Board shared the sentiment of a general developing sense of community through the showing of compassion, care and understanding under the current circumstances. This needs to be developed into how customers are treated when things are back to normal.

2c. Safety performance

Action was taken before lockdown to prepare for the Covid-19 outbreak including establishing Tactical Coordination Groups to support staff, consider the impact on the business and any related communications. The group is still meeting virtually on a twice weekly basis. FAQs and daily briefings for staff have been produced along with DSE assessments for home working, resulting in the provision of additional office equipment being sent to homes. Staff are being encouraged to share how they are feeling and if any support is required. Thinking will start on what needs to be put in place for people going back to work in the future. TfW is also part of similar groups set up by AKIL and TfW Rail Services.

The reduction in services and number of passengers has had a significant impact on safety with the number of incidents falling also. During the last period there were occurrences of two RIDDOR reportable accidents, two Category A SPADs, one verbal assault, eight minor passenger accidents due to slips, trips and falls, and minor four employee accidents.

Results from a recent safety audit have been received. The positive report included nine recommendations, three of which were low level priority, six medium and none high level.

Action - ACa to share health and the safety audit report and action plan at the next Health and Safety sub-committee

3a. CEO report

JP provided an update on key activities since the last meeting, with the emphasis on the different operating environment which has emerged over the last month and which is having a significant impact on all TfW activities. However, the team has pulled together very well and the delivery of the CVL transfer on 28 March was particularly significant given the circumstances. The Board voiced their appreciation and thanks for delivery of the CVL transfer.

Over the last six weeks action has been taken to ensure staff are both protected and have been able to continue to work: IT systems have performed well - including all staff meetings over the internet; quick action was taken to ensure staff were protected, particularly ceasing all on-board catering services.

Stage One financial support for the ODP was agreed last week and work is underway to agree support packages, with stage two to be discussed later in the meeting. Work is also underway to identify 'shovel ready' capital projects to help stimulate the economy; but also, to identify operational expenditure efficiencies. Following discussions with the Welsh Government and the Senior Leadership Team, on-board catering staff will be asked to furlough. Work is also underway to assess the cost and programme implications of the covid-19 outbreak on CVL transformation.

The Board were updated on the latest position on the various new and cascaded rolling stock projects. Good progress had been made but all projects have now been held back by as a result of covid-19, such as supply chain issues and social distancing affecting driver training. A detailed review of the Class 230 project is underway.

Discussions on the future of bus services with the Welsh Government have taken place. The Board will be updated at the next meeting.

3b. Finance

The Board noted March 2020's management accounts. March's Resource Expenditure spend was at £21.7m of which £21.3m related to rail, the majority of which is passed through to the ODP. March's capital expenditure was at £517m of which £498m relate to the CVL asset transfer.

Current work has focussed on financial year-end, with the external audit due to start on 4 May. A trial balance has been presented to the Welsh Government.

Significant work was also carried out on CVL asset transfer including the financial transaction, asset valuation, asset reporting, cutover of budgets, people transfer and pensions and use of assets. The Welsh Revenue Authority have provided their opinion that Land Transaction Tax is payable on CBL asset transfer and has been paid. Operations, Maintenance and Renewals for the CVL asset has been included within the budget submission to the Welsh Government.

Work is also underway to shape the financial support package for the ODP, along with work to assess the impact of covid-19 on capital projects. WEFO has been approached to extend the expenditure envelope for CVL transformation.

Agreement with the Welsh Government for the 2020/21 budget is on hold until the impact of covid-19 is understood.

3c. Update on sub-committees

The Board reviewed a paper from AB inviting comments on the Audit and Risk Committee annual report.

The Board agreed the need to determine which sub-committee has responsibility for sustainability, with initial thought that it could be covered by the Health, Safety and Wellbeing Committee. VE also asked inquired about the establishment of a Project Board.

Action: NK and GM to discuss whether sustainability could fit within the remit of the Health, Safety and Wellbeing Committee.

Action – VE, JM, GO to meet to discuss establishment of a Project Board.

4. Any other business

None raised.

Part B – Operational update session

LB, LR, AC, KG, DOL, GM, DW and GO joined the meeting via conference call.

5a. Strategic Risk Register

The Board reviewed the Strategic Risk Register and the considerable impact of covid-19 on many of the risks.

Risks on asset transfer have been removed following completion of the transaction in late March. The risk on a covid-19 outbreak has also been removed because it has materialised, but a new risk has been added relating to the occurrence of a further outbreak. A separate covid-19 risk register is in development and will be tabled at the next Board meeting.

5b. Communications

TfW's brand perception has increased by 14 points, likely based on free travel available for key workers and TfW Rail Services staff being critical workers. Very few negative media comments have been received over the last month.

The first Advisory Panel is scheduled to take place in May.

A positive response to internal communications has been received, with daily Covid-19 bulletins and increased use of Yammer.

Responsibility for all media communications transferred to TfW from TfW Rail Services on 1 April.

5c. Authority Site Representative Team for A465 Sections 5 & 6

The Board approved a recommendation to proceed with procurement of a supplier (or suppliers) for the Authority Site Representative Team on the WG A465 Sections 5&6 Highways Improvements MIM Project. The Board emphasised the need to ensure clarity over responsibilities and accountabilities between TfW, the Welsh Government and contractors.

5d. ODP rescue package stage 2 and 3

The Board approved an Emergency Measures Agreement or 'stage 2' agreement with the ODP for rail services for the period June to November 2020 as agreed with the Welsh Government. Under the agreement, all risks related to revenue, operating cost and capital expenditure will transfer from the ODP to Welsh Ministers for a period of up to six months. This will require additional funding from the Welsh Government of operating expenditure of between £40m and £65m depending on passenger revenues and maximum funding for capital expenditure of £97m for 2020/21 which includes both CVL and non-CVL projects. The ability to incur this level of capital expenditure in 2020/21 will depend on the extent to which lockdown measures are released, and when. The agreement is similar to DfT's support for English train operating companies but with additional funds for capital projects.

The Board were reminded that the stage 2 agreement was in addition to the base subsidy and the approved funding for stage 1 of £40m. The Board were also informed that the stage 2 funding requests exclude any incremental covid-19 related cost impact on the CVL transformation and Infrastructure Manager activities. The funding request also excludes any requirement for additional activities to encourage the use of the rail network during the covid-19 recovery period, as well as any additional rolling stock that may be needed to accommodate any new 'social distancing' measures on public transport.

The Board also discussed various options for Stage 3 support beyond November 2020 and agreed a broad hierarchy of order of approach and direction of travel, recognising that more work and further strategic direction from the Welsh Government is required.

5e. Recover and refocus update

The Board noted the Senior Leadership Team's planning work for recovery and refocus of the business post covid-19. Work has included identifying efficiencies, developing and delivering investment schemes, support and development of the national bus agenda and protecting direct employment. A detailed plan is in development and will be tabled at May's Board meeting.

Action - DO to circulate recovery and refocus paper to Board.

5f. CJC legislation

The Board discussed the Welsh Government's draft proposals to create Corporate Joint Committees (CJCs) instead of Joint Transport Authorities (JTAs). CJC's will be 'bodies corporate' formed from the membership of principal councils, established in statute, and able to directly employ staff, hold assets and manage funding, comprised of the democratic leadership of local authorities in its area.

The Board discussed TfW's potential role as a 'guiding mind' to work with CJCs, in their transport role and to provide a national network that connects people through integration, standardisation, network planning and centralisation.

5g. Progress against milestones

The Board were updated on progress against milestones. A delay to the completion of the Pontypridd headquarters is likely due to Covid-19 related slow-downs.

The five-year business plan is still in development and requires updating to take into consideration covid-19.

The Board discussed rolling stock and the need for TfW to be well positioned as this will help recovery from covid-19.

Action - AC to draft a paper on progress with rolling stock.

5h. CVL Transformation six month look ahead

The Board noted several contract variations on CVL transformation.

5i. Service delivery dashboards

The Board were updated on Rail Services performance. Quarter four of 2019-20 showed an overall improving picture on rail services delivery. Whilst there were challenges in Period 12 because of the storms, performance had improved. However, the last two weeks of Period 13 were impacted by covid-19. Penalties were not applied to TfW Rail Services for Period 13.

5k. Any other business

The Board requested an update on Grand Union Trains' proposition to for an open access operation running from Wales into London. The Board were informed that the Welsh Government is supportive of the proposition and TfW will be asked to help develop the proposal.