

**TfW Board minutes – 17 December 2020**

10:00 – 16:30

Meeting took place online

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**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); 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). Lord Terry Burns (TB), Peter McDonald (PMcD), Simon Jones (SJ) and Matthew Jones (MJ) in attendance for item 5a. Emma Eccles (EE) in attendance for item 5j.

**Part A – Full Board Meeting**

**1a. Apologies for Absence**

Natalie Feeley (items 1-3)

**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 November 2020 were approved as a true and accurate record.

Through the Chair, the Board expressed its thanks to all staff for the volume of work undertaken over the last month.

**2a. Safety Moment**

The Rail Accident Investigation Branch has issued a further report on the Margam incident from July 2019. The report emphasises the need to ensure TfW’s safety culture reflects the fact that people are involved from different organisations as contractors, but there needs to be consistency of approach and a standard which is reinforced across all staff, irrespective of who their main employer is.

**2b. Customer moment**

A present had been lost in transit and needed to be refunded, which was done immediately. Previously this may have taken up to five days which could be an issue for people needing the money, especially at this time of year. Process design needs to put the customer first.

## **2c. Safety performance**

Safety planning continues around occupancy of the Pontypridd office. A final Fire Risk Assessment is planned for later in the month along with a completed Fire Safety Plan. COVID-19 control measures are being implemented and will feature in a staff and visitor induction video.

The Board were updated on action taken to ensure greater safety around level crossings. An operational Level Crossing Steering Group has been set up to manage and monitor all level crossing risks, incidents and changes on the CVL. All level crossing assessments are up to date with a process that takes into account whether trains stop or continue at line-speed with all sighting distances calculated on full line speed, irrespective whether trains are stopping or not. AKI MOM's have visited level crossings as part of their duties to check whether any sighting has been obscured by vegetation or other obstructions, and further discussions have been held to consider if temporary additional signage would help to further mitigate risks. AKIL are continuing to monitor trespass reports and drivers' near-miss reports. The Steering Group will continue to monitor through a standing agenda item. Discussions have also taken place around level crossings and temporary changes to timetables. Network Rail has carried out risk assessments with appropriate action agreed.

Work has commenced supporting the transfer of Axis Cleaning staff to TfW with a focus on understanding the task-based risks associated with cleaning activities. A safety and welfare audit programme is planned with site visits to commence shortly.

A safety stand-down was recently held in response to the publication of the RAIB's final report into the Margam fatalities in July 2019. The Board welcomed this action and emphasised that bringing in public sector rail operator arrangements is an opportunity to underscore the emphasis on safety as the number one priority.

Vehicle movement trials have been conducted in relation to the Cardiff Transport Interchange operational requirements. The results and findings of the trials are to be presented later in the month.

No accidents, SPADs or RIDDOR reportable accidents were reported in rail period eight. The situation around workforce assaults is improving mainly because of fewer passengers. Level crossing incidents and malicious incidents have reduced. Suicide levels are higher than previously at this time of year. The Board inquired whether there is a correlation with COVID-19. It was confirmed that it is difficult to make a correlation.

Face mask compliance is good but there has been an increase in passengers claiming exemption.

The Board discussed flooding having been informed that correspondence has been received regarding silt deposits from last year's incidents not being cleared up. It was agreed to develop a programme of low value high impact interventions ensuring clarity around responsibilities and to determine available funding [**Action GM**].

## **3a. CEO report**

Good progress has been made on the Rail Futures programme with Welsh Ministers having approved the terms of the future rail agreements commencing 7 February 2021. The organisation has faced very difficult and complex issues but has completely pulled together and there is a need to ensure this culture remains.

It was agreed that in papers, balance sheet issues should always be considered including impact on the Welsh Government. An interim financial forecast will be shared in February, with a focus on the net cost of running the railway.

The Board were informed that good progress is being made on arrangements for TfW mobilisation. Work to identify a Managing Director is progressing with arrangements in place to manage risks on an interim basis.

The Board were advised that work with the Welsh Government has been undertaken to set up an overarching infrastructure to deliver the Burns commission work. The Board agreed on the importance of being very clear on TfW's remit and only on "public risk" for delivering what TfW has agreed to do within remit.

Work with the Welsh Government is also on-going on the future of bus support. The Board were informed that whilst the picture is becoming clearer, there are still many moving parts. JP and SW are scheduled to meet with the Welsh Local Government Association in the new year.

The Board discussed membership of the TfW Rail Ltd Board and agreed that a clear connection between the TfW Board and TfWRL Board would be in place through JP and HC.

### **3b. Finance**

The Board were updated on recent key finance activities which have centred around mobilisation of TfW Rail Ltd. As part of this work there is considerable focus upon novation / future hedging for fuel; tax implications to TfW Rail Ltd and contractual arrangements; net asset settlement; transfer pricing; fixed asset due diligence and other key mobilisation activities such as banking and pension arrangements; as well as a five-year forecast alongside emerging risks and mitigations. The Board were informed that the Welsh Government is being kept fully up to date on the work around the fuel hedge.

Assurance work on EMA periods is on-going. The Board will be issued with separate reports on each EMA period throughout the coming months. The Board inquired whether TfW is taking on any substantial debt because of the new public sector rail operator arrangements. It was confirmed that TfW will not be taking on any substantial debt.

The Board were also updated on on-going work around pensions; transfer of cleaning transfer staff; WEFO lead beneficiary work.

The management accounts for November 2020 were noted. In month resource expenditure was at £33.7 million (excluding non-cash) of which £32 million relates to rail, the majority of which is passed through to the ODP; and that in month capital expenditure was at £15.6 million of which £16.4 million related to Rail, with a negative of £1m within central services due to adjusts from the Llys Cadwyn office and leases.

The Board approved changes to the Delegations Matrix.

### **3c. Update on sub-committees**

The Board received updates from the recent meetings of the Customer and Communications , Audit and Risk and Health, Safety and Wellbeing committees.

### **3d. Steering Board**

The Chair updated the Board on November's meeting of the TfW Steering Board.



## **Part B – Operational update session**

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

### **5a. SE Wales Transport Commission (Burns) Report – presentation**

Lord Terry Burns, Peter McDonald, Simon Jones and Matthew Jones joined the meeting. Lord Burns set out the methodology of the work of the South East Wales Transport Commission.

PMcD provided a summary of the report's findings and recommendations followed by a discussion on TfW's potential role in implementation. The Board noted that some of the proposed solutions could be applied elsewhere in Wales for other Metro systems. The Board questioned how the proposed solutions would be funded and were advised that the current government are committed to taking forward the report's findings and recommendations.

### **5b. Rail Futures update**

The Board received confirmation that although negotiations had been on-going, the agreements around the Rail Futures Programme centred on the mobilisation of a public sector rail operator were consistent with Board and Welsh Minister's approval in October 2020. Agreements on the Termination Deed, the joint venture between Keolis Amey and TfW, the step-in transformation contract will be signed and sealed this week.

The Board were informed that a joint venture company 'Transport for Wales Innovation Services' has been formed and will operate from 7 February 2021. TfW owns 51% of the company with a Keolis Amey joint venture company owning the remaining 49%. A business plan is in development.

JP expressed his gratitude for the work of the teams over the last few months and thanked the Board for their help and support and providing challenge where required. This was echoed by the Chair.

The Board were also informed that the review has also allowed a review of the depot strategy which could unlock rolling stock resilience and generate the creation of jobs in local and regional areas.

### **5c. Communications**

The Board were updated on improving Brand Index figures, media stories, press inquiries, government relations (including Senedd drop-in sessions) and social media activity. The Board also discussed the approach to the recent lockdown restrictions.

#### **5d. Risk Register**

The Board noted the strategic risk register. A working group has been set up to look at Brexit risks with particular focus on the supply chain.

#### **5e. Shareholdings and acquisitions**

The Board were updated on two potential acquisition or shareholding activities being managed by TfW. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

#### **5f. PTI Cymru**

The Board reviewed a paper summarising recent work to review the opportunity to acquire PTI Cymru. The paper recommended that the Board agree enhanced due diligence, as supported by the Welsh Government. The Board were informed that PTI Cymru is a Welsh Government-funded, not-for-profit organisation providing customer contact (journey advice and booking, and information through calls, websites, and other systems) and customer correspondence (response to customer complaints, concerns and observations) service. The Board were advised that PTI Cymru is a stable and financially viable organisation and is supportive of the acquisition for notional amount from 1 April 2021.

The Board inquired whether there are any TUPE implications and were advised that there are none known at this time. The Board agreed that it would be useful to obtain data on volume of calls to inform the long-term vision of engaging with customers. The Board agreed to commence legal and financial due diligence; and Subject to completion of due diligence and satisfactory reports, preparation of a proposal to complete the acquisition of PTI Cymru at the nominal share value. The Board also approved an outline governance plan and calendar for transition and integration.

#### **5g. Bus update**

The Board were on the progress of the agreeing and signing off the latest Bus Emergency Scheme. Work also continues with four regions around network design and development. Significant stakeholder engagement activity is being undertaken with local authorities including elected members.

The Board were also updated on operating models, the concessionary card scheme, Fflecsi expansion and Traws Cymru. The Board discussed TfW's likely role in the bus agenda and the importance of gaining clarity.

#### **5h. Infrastructure programme six-month lookahead**

The Board welcomed the introduction of reporting dashboard for the CVL programme.

#### **5i. Trackers**

The Board were given an overview of the programme and corporate trackers and were updated on progress of key deliverables across the business. The Board were asked to reflect on the content and whether anything can be picked up in Board committees.

**5j. Step 2 non-exec**

EE joined the meeting. The Board agreed to participate in Chwarae Teg's Step 2 non-exec programme.

**5k. Board scorecard**

The Board noted the scorecard and agreed for it to be appended to the CEO report.

The Chair thanked all attendees for their input and wished everyone a happy Christmas and New Year.