

TfW Board minutes February 2020

10:00 – 16:30; 20 February 2020

South Gate House, Cardiff

Attendees

Scott Waddington (SW) (Chair); James Price (JP); Heather Clash (HC); Sarah Howells (SH); Nicola Kemmery (NK); Alison Noon-Jones (ANJ); Alun Bowen (AB); Vernon Everitt (VE); Jeremy Morgan (Secretariat) and Kevin Thomas (TfW Rail Services) (item 3f).

Operational update session (items 5a to 5k): Geoff Ogden (GO); David O’Leary (DOL); Lewis Brencher (LB); Lee Robinson (LR) (item c); Gareth Morgan (GM); Lisa Yates (LY); Alexia Course (AC) and Karl Gilmore (KG).

Part A – Full Board Meeting

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 23 January 2020 were accepted as a true and accurate record, subject to a minor amend.

The Board were updated on progress against several actions from the previous meeting.

1e. Decisions taken outside the Board

The Board made two decisions in the intervening time between meetings:

- (a) to enter into revised annual liability cap of £15m per year (index linked reflecting the long-term nature of the agreement) for each Bridge Agreement (Intersection Bridge and Western Bridge) in order to facilitate the trigger and transfer of the CVL; and
- (b) to serve notice on Network Rail to trigger the transfer of the CVL asset.

2a. Safety Moment

The Board were reminded of taking care when driving in the current poor weather conditions and the need to communicate when trips are being made and for people not to put themselves at risk. A safety stand-down took place in response to the recent storm events.

2b. Safety performance

Passenger accidents have reduced, with three RIDDOR incidents in the last period. More close calls for staff accidents are being reported.

Two low-level SPADs occurred, with training plans put in place as to investigate the reasons. TfW is currently above the industry average for SPADs. Instances are being closely monitored by the Health, Safety and Wellbeing Committee.

The Drug and Alcohol Policy has been agreed.

Action: JP and LY to ensure that the Drug and Alcohol forms part union consultation regarding CVL transferees.

The Board were informed that a body camera trial for conductors has commenced. Feedback to date has been positive.

One minor level crossing incident occurred during the last period.

Action - GM to report on progress with closure of CVL level crossings.

The Board were informed that following the recent flood incidents, rail infrastructure structures will be safety assessed. The Board were advised that TfW does not have financial provision under OM&R for catastrophic risk and that funding for remediating incidents will be required from the Welsh Government. The Board agreed there was a need for a protocol on how to deal with funding issues resulting from catastrophic weather incidents once the CVL asset has transferred.

Action GM to lead on agreeing a protocol with the Welsh Government on deal with funding issues resulting from catastrophic weather incidents.

The Board expressed their thanks to staff who put themselves out during the flooding incidents.

3a. CEO report

The ODP's performance has recently shown small signs of stabilisation and improvement with the best PTL figures for the last few months being achieved, resulting from more units being in service and less cancellations.

The financial performance of the ODP was discussed.

There is increased confidence in the 769 units entering into service by the summer. Other interim units due to enter into service have now mostly arrived and are making a positive difference.

CVL asset transfer was triggered at the end of January. TfW are working with TfWRS and NR to finalise the Conditions Precedent for triggering the transfer of the CVL Assets with a scheduled transfer date of 28 March 2020. In line with the recommendations of the expert panel, TfW are undertaking operational readiness reviews of TfWRS for Infrastructure Management and tracking progress against their action plan.

Since the last Board meeting, significant progress has been on the FIT programme. An in-principle agreement with the Welsh Government has been made to transfer bus, active travel and aviation from the beginning of the next financial year, subject to Board sign off. The Board emphasised the need to be clear on TfW's strategic and operational role regarding bus services. The Board agreed that planning needs to commence on the transfer of the strategic road network in readiness for next year.

Action - JM to provide the Board with a map of the strategic road network in Wales.

SW and JP recently had positive and constructive meetings with the First Minister, the Minister for Economy, Transport and North Wales, the Parliamentary Under Secretary of State for Wales, the Leader of the Welsh Conservative Party and Plaid Cymru's Shadow Minister for Economy, Tackling Poverty and Transport.

3b. Finance

The Board were briefed on financial issues relating to CVL asset transfer and valuation. The transaction will be non-cash transaction but an outcome on how to deal with VAT is awaited. Details on Land Transaction Tax are still being worked out.

The Board were updated on several other on-going finance workstreams:

- there were no payroll issues following the transfer of catering staff on 5 January;
- a decision on the outcome of section 33E around VAT is awaited;
- work continues to prepare for the transfer of functions from the Welsh Government and making subsequent changes to the finance system; and
- progress has been made on developing the 2019-20 annual report.

An updated remit from the Welsh Government was received last week. The Board will be asked to approve the 2020-21 budget at March's meeting.

A comparison to a phased budget (2019-20) and against forecast which represents the outturn position has been agreed with the Welsh Government. For the first time this reflects the allocation of central costs enabling an understanding of the drivers for expenditure which provides clarity for the Welsh Government as well as TfW.

In the month (January) Resource Expenditure is at £13.6m of which £12.4m relates to Rail the majority of which is passed through to the ODP. In the month (January) capital expenditure is at £11.2m of which 97% relates to Rail. The Balance Sheet as at the end of January has net assets of £0.6m.

The Board approved a draft resilience statement but agreed the need for further review to ensure alignment with the draft Corporate Plan.

3c. Update on sub-committees

The Board were updated on the Health, Safety and Well-being meeting from 7 February. The People Committee is scheduled to meet on 1 February.

The Board were advised that there had been no Audit and Risk Committee meeting since the last Board meeting, but the Committee had reviewed TfW's non-audit fee policy in the light of the Revised Ethical Standard issued by the Financial Reporting Council on 19 December 2019 and had concluded that no amendments were required to the policy.

The Board agreed it would be appropriate to review sub-committee terms of the reference.

Action: JM to carry out a comprehensive review of Board sub-committee Terms of Reference

3d. Steering Board update

An informal meeting took place the previous week with items discussed covered in the Board agenda.

3e. Board effectiveness review

The Board discussed the findings of the recent Board effectiveness self-evaluation. The overall average score across the 23 questions was 4.3, indicating that the Board is operating effectively with no major concerns. One question was scored as 5 by all Board members – 'meetings are conducted in a positive atmosphere', and 19 of the 23 questions scored 4 or more. Questions around the Board feeling informed, involved and engaged all scored very high. The lowest score of 2.3 was in response to the statement regarding Board composition being appropriately balanced in terms of race and ethnicity.

The Board agreed several recommendations for action including production of a Board development plan, identifying best practice for finding race and ethnic balance on Boards and developing a process for reviewing Executive performance.

3f. TfW Rail Services

KT (TfW Rail Services) joined the meeting to discuss performance, operational issues, safety, finance, customer service and the new Pontypridd office.

4. Any other business

None raised.

Part B – Operational update session

AC, DOL, GM, KG and LB joined the meeting.

5a - May 2020 timetable changes

The Board were introduced to a paper providing detail on changes to the May 2020 timetable. The new timetable amounts to timing changes to services on the Marches line during the week including re-instating the stops removed in the December 2019 timetable; and 14 extra Sunday services, 13 of which are on CVL services. Noticeable planned changes regarding rolling stock will be the introduction of Class 769s on the Rhymney line, Class 230s on the Wrexham – Bidston service and Mark 4s on Cardiff to Holyhead services.

The class 769 and 230 programmes remain tight with the risk of delay if issues are encountered. Mitigations are progressing to cover for possible non-availability of 769s and 230s beyond 31 July 2020, the current end date for the Pacer PRM dispensation.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

5c - Concessionary Future Options

The Board discussed a paper setting out a proposed operating model for Mandatory Concessionary Fares (MCF) in Wales to stimulate debate and enable development of a final operating model. Subject to Welsh Government

funding, the Board approved the paper's recommendations to approve the principles set out in the paper in terms of a national "system" for concessionary card application and issue – subject to discussions with Welsh Government and local authorities; the short-term extension of the current agency agreement to enable time for discussions in relation to the principles set out in the paper; the proposed governance structure and authority to work across TfW teams to refine the high-level cost-estimates in the paper.

The Board were updated on concessionary cards renewals. To date, 587,276 applications have been made. 94% of users of cards used more than 6 times in the last 3 months and 85% of card users in the last 12 months have made an application to renew. Risks remain and are being managed around the end of the grace period on 29

February. Posters and information to bus operators and drivers were issued before Christmas; a letter to all local councillors to share information about the grace period and to encourage people to re-apply where they have not done so; a letter to all AMs explaining the grace period; and an updated the Q and A on TfW's web site to explain the grace period. Plans are in place to target "market" individuals who are using their old cards and have not been issued with new ones.

The Board discussed a recent report on TfW from the Welsh Language Commissioner. The findings have been analysed and a gap analysis is being developed on current arrangements and the Welsh Language Commissioner's recommendations. The Board discussed two particular issues: (1) public announcements, which need to be in Welsh first then English, and the need for bi-lingual emergency tunnel announcements; and (2) bi-lingual tickets and an assessment on whether orange rail tickets need to be in Welsh. This was recently rejected by the UK-wide Rail Development Group but will need revisiting.

Action: LR to ensure that the findings of the Welsh Language Commissioner's report are discussed at TfW/WG Operations Board.

5d - Future Integrated Transport (FIT) Programme

The Board were updated on progress with the FIT programme and the transfer of functions from the Welsh Government to Transport for Wales. The FIT Steering Board endorsed the Business Justification Case at the end of January to allow the transfer of three functions: bus, aviation, active travel and local authority transport grants. Bus and aviation are scheduled to transfer in the first quarter of the new financial year, with active travel and local authority transport grants to follow later in the year. The Board will be asked to give formal consideration at March's meeting. It was confirmed that functions only would be transferring, without staff. The programme will be further discussed at the TfW Steering Board.

Action - GO to provide detail to JP and SW on TfW's duties around functions transferring.

5e - CVL vegetation management & fencing

The Board agreed to grant delegated authority to SLT to enter into a works contract using the TfW procurement processes and procedures for urgent vegetation management and fencing on the CVL. Waiting for Board approval in March 2020 would delay the Framework Award date and have a detrimental effect on the transformation programme.

5f - CVL Transformation - Switchgear

The Board agreed to directly award a contract for seven Containerised Gas Insulated Switchgear (CGIS) units to facilitate the Traction Power Works to enable CVL transformation. The Board were informed that the tendered intention was for the IDP to procure the units through the existing Work Package 3 CVL Contract. However, there is a potential saving of around £860,000 if TfW were to procure these units immediately. Due to there being only one supplier able to provide the units, a direct award would be made under the Public Contract Regulations 2015, but with publication of a Voluntary Ex Ante Transparency (VEAT) notice.

The Board discussed plans for delegating and reporting CVL transformation spend in line with the Scheme of Delegation. It was suggested that variances against total spend of the programmes are reported to Board.

Action: GM, JM and KG to review the Scheme of Delegation in relation to CVL spend and reporting

5g - Grand Union Trains - Proposition Development

The Board discussed Grand Union Trains' proposal for an open access operation running from South Wales to London. The Board agreed in principle to the recommendations in the accompanying paper, but before Transport for Wales would commit to any involvement, further due diligence was requested around potential impact on TfW Rail Services' revenue and TfW branding.

Action: DOL to explore potential impact on TfW Rail Services' revenue from Grand Union Trains' plans to operate a service from South Wales to London and to provide a summary to the Board and the Welsh Government.

5h - Customer Experience KPI Dashboard

Customer experience scores are improving but remain low. PTL and short formations have reduced in period which has improved customer satisfaction. However, customer complaints have increased.

5i - TfW Risk Register

The Executive carried out a review of strategic and operational risks two weeks ago and will be taken to March's Audit and Risk Committee meeting. The 'No Deal Brexit' risk has been removed from the Strategic Risk Register.

Several other minor adjustments have been made. Risks around CVL transfer and refurbished rolling stock have reduced. New risks were added on coronavirus and Brexit trade deals. Severe weather will also be added.

5j - Communications

Brand impression remains low but with a slight improvement. The recent storms and flooding may have affected current period scores. The Board discussed the need to for a protocol for directors being approached through social media.

Action - LB to produce a protocol for Board members being approached on social media.

The first meeting of the Advisory Panel is scheduled to take place on 17 March.

5k - Progress against milestones

The Board noted progress against corporate and project milestones.

KG, AC, GO, LB and DOL left the meeting

5l - Pay progression overview

The Board agreed the proposed grade structure and pay ranges and how employees can progress through their designated pay range based on performance outcomes.

LY, HC and JP left the room.

The Board discussed the cases of six employees currently under the 80% of range for the banding to which they have been aligned. The Board approved bringing these employees into their respective pay ranges at a cost of £17,200.