

TfW Board minutes January 2020

09:30 – 16:30; 23 January 2020

South Gate House, Cardiff

Attendees

Full Board Meeting: Scott Waddington (SW) (Chair); James Price (JP); Heather Clash (HC); Sarah Howells (SH); Nicola Kemmery (NK); Alison Noon-Jones (ANJ); Vernon Everitt (VE); Jeremy Morgan (Secretariat); Gareth Morgan (GM) (items 1-3); and Matthew Gilbert (MG) (item 4d).

Operational update session (items 6a-6o): Alexia Course; Geoff Ogden (GO); David O’Leary (DOL); Karl Gilmore (KG); Lewis Brencher (LB); Lee Robinson (LR) (item 6c); and Rob Holmes (item 6e).

Part A – Full Board Meeting

1a. Apologies for Absence

Alun Bowen and Gareth Howells sent their apologies for the whole meeting. Lisa Yates sent apologies for the operational update session.

1b. Notice of Quorum

A quorum being present, the Chair welcomed everyone to the meeting and declared the formal part of the meeting open.

1c. Conflicts of Interest

None were declared.

1d. Minutes & Actions of Previous Meeting

The minutes of the Board meeting 18 December 2019 were accepted as a true and accurate record.

2a. Safety Moment

HC joined the meeting. The Board discussed the need to recognise that January can be a challenging time for mental health. Monday this week was 'Blue Monday', emphasising the need to talk to colleagues about their general welfare.

2b. Customer moment

The Board were informed of a recent journey from Cardiff to London on GWR services when the previous train was cancelled resulting in more people than expected on the next train and the reserved seat system being cancelled. Train crew dealt with the situation was very well with regular and relevant updates by the Guard including how to make a compensation claim through Delay Repay. However, when making the claim, it was declined, and the system crashed.

The Board were also encouraged, through the course of the meeting, to identify a 'People moment' to recognise when someone had achieved something noteworthy / made a good contribution to TfW's work.

3. Safety performance

Eight RIDDOR's (Rail Services) were reported during the last period and four SPADs (three for Period 9 and one for the current Period 10). These will be discussed in more detail in February's Health, Safety and Wellbeing Committee. The Committee will explore whether RIDDORs are being over-reported.

TfW NEDS were invited and agreed to take part in Visible Felt Leadership days. These will help to highlight the challenges the workforce faces.

The Board were updated on Safety authorisation for CVL. The application is still currently being reviewed, but weekly meetings are being held with ORR and the Infrastructure Manager to check progress and to ensure it is in place for CVL transfer.

The Board discussed issues around fatigue and various measures and strategies to ensure resultant incidents do not occur. The Board agreed this needs discussing with Rail Services at the next Health, Safety and Wellbeing Committee meeting.

19 employee accidents were reported during the period year to date. Performance is still within the target set of reducing accidents by 15% of the previous year. All accidents resulted in minor injuries with two incidents resulting in

lost time. The Board agreed to ask Rail Services at the next Health, Safety and Wellbeing Committee meeting for details of its strategy for reducing customer accidents.

31 customers reported accidents during Period 10, 26 of these resulted in minor injuries with three customers suffering shock following a road traffic accident involving a road replacement bus service. 24 were classed as slip trip or falls, with 14 occurring around the station environment and 10 instances at the platform train interface.

The Board were informed of two separate instances whereby human error resulted in using the wrong door controls involving two different vehicles. The units were removed from use and returned to depot for further investigation. Appropriate action was agreed, comprising reviewing and updating training material and issuing an operational brief to all conductors. Engineering measures are being investigated to ensure the incidents are not capable of being repeated.

4a. CEO report

JP briefed the Board on his take on TfW's activities over the last month. Key achievements were highlighted: Bow St platform has been constructed allowing drawdown of DfT funding; the final price for CVL transformation is close to sign-off; and the transfer of catering services from Rail Gourmet to TfW went very well, with the transition seemingly unnoticed by customers. The Board were pleased that TfW is now delivering a frontline service. The Board were reminded of the amount of work done behind the scenes to ensure the transfer went through. The Board wished to express their collective thanks to all the teams involved in the transfer.

The Board were also introduced to current challenges around day-to-day performance and rolling stock. Regarding performance, the Board noted that for the first time, KA was called out by the Welsh Government for poor performance [REDACTED]. The Board expressed its wish to have the opportunity to discuss the issues with TfW Rail Services' CEO at its next meeting.

Action: JM to arrange for TfW Rail Services' CEO to attend the next meeting
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Although good progress has been made on issuing replacement bus concessionary cards, issues remain around use of old cards after the end of the grace period.

On CVL transformation, RPJ Consulting carried out an independent integration assessment of signals, batteries, resilience and other aspects of CVL transformation plans. The main finding was that plans are doable provided some identified issues are addressed in the early stages. RPJ Consulting has in principle agreed to support TfW's infrastructure development team to help implement the review's findings. The final RPJ report will be shared with the Board.

The Board were updated on the latest position on CVL asset transfer. Several issues are being worked through and good progress is being made to trigger the transfer in the next few weeks, with the current emphasis on working with stakeholders to agree liability issues.

4b. Finance

The Board were updated on key finance works streams. Attention is being given to accounting treatment for CVL asset transfer and valuation of which the approach and methodology is under discussion with TfW's external auditors who are consulting the National Audit Office. VAT issues and Land Transaction Tax issues are also being reviewed.

An HMRC decision is pending on whether TfW will fall under section 33E of the Value Added Tax Act 1994 (VATA), which will refund to named non-departmental public bodies, and similar public bodies, the VAT incurred as a part of shared services arrangements used to support their non-business activities. If agreed, it is anticipated it will be effective from 1 April 2020.

Welsh Government funding for expenditure regarding 2019/20 has now been resolved with an impending revised remit letter to reflect the increase of funding to match with activity. This is still subject to further variation regarding the CVL asset transfer and associated funding including OMR dependent upon the date of transfer and VAT application by Network Rail and Land Transaction Tax.

The first draft of the 2020-22 budget will be complete by the end of January leading to a discussion with the Welsh Government, with a plan to present the second draft to the Board for February Board.

December's operational expenditure was at £17.6m of which £16.1m relates to rail and pass through to the ODP. Capital expenditure was at £7.3m of which £5.5m relates to rail. With respect to the Profit and Loss Account there is a very small surplus reflecting the transfer pricing application on change control projects of which the funds are reinvested into the organisation. The Balance Sheet as at the end of December had net assets of £0.7m (no significant change within the last quarter).

4c. Board sub-committee updates

No sub-committees met during the last month.

4c. Steering Board update

SW and JP attended last week's TfW Steering Board meeting where topics discussed included Rail Service performance, bus, the FIT Programme, CVL transfer, revenue protection, business planning and TfW's Articles of Association. The Welsh Government confirmed it would provide updated Articles of Association and Framework Document by the end of January 2020.

4d - Active Travel Presentation

MG joined the meeting to update the Board on TfW's active travel activities. TfW has been involved in a wide range of activities including providing advice to local authorities, advising on guidance, working with Sustrans to rewrite guidance and evaluation criteria for the local travel fund; monitoring schemes; scoping a pan-Wales cycle hire framework; exploring better cycle storage provision at Cardiff Central station; capturing active travel data; working with Rail Services to develop its active travel strategy; and working with TfW Rail Services' to fulfil its Grant Agreement obligations. An internal travel survey will be launched to survey staff regarding travel to the new Pontypridd office and how help can be provided to make more sustainable choices.

5. Any other business

An annual salary increase was agreed for a member of TfW's Senior Leadership Team in line with annual pay awards offered across the organisation.

Part B – Operational update session

Alexia Course (AC); Karl Gilmore (KG); Geoff Ogden (GO); Gareth Morgan (GM); David O'Leary (DOL); and Lewis Brencher (LB) joined the meeting.

6a - CVL Transfer Trigger

All parties involved in the CVL asset transfer continue to make progress towards a transfer trigger date of 31 January 2020, with a view to the transfer 28 March 2020. However, several outstanding issues need resolving. Transferring Network Rail staff will be briefed staff on the contents of their REM letter through one-to-one meetings.

The Board wished to express its thanks to the team for their efforts to date.

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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

6c - Update on concessionary travel card replacement

LR joined the meeting.

The Board were updated on the latest figures for issuing replacement concessionary travel cards. To date, 574,000 applications have been processed, of which 537,000 are renewals. Around 12,000 'frequent' users have not yet reapplied. Around 10,000 remain in the system at different stages for issue. 1,200 new card replacements have been issued to customers who lost their new card. Lost new cards have been deactivated to reduce fraud risks.

The grace period is now in operation, which has received a mixed response from operators, but work has been done to ease the situation though providing additional information to drivers. However, risks remain around the end of the grace period and handling situations when an operator could potentially eject a passenger from a bus. Mitigations are being explored through providing instructions to drivers; writing to local authorities and Members to request communication with constituents, reminding those who have not renewed their card to do so; and writing to passengers who are still using old card to ask them to renew.

6d - Wrexham Accommodation

The team in North Wales continues to grow and as a result, new office accommodation is required. The Board discussed and approved a contract agreement proposal lease for five years with a three-year option to part occupy the St John Cymru-Wales office facility at Wrexham Yale Business Village. The summary cost commitment is £33,707 per year including rent, service charge, rates, utilities, WiFi, cleaning and maintenance, with a further one-off cost of £50,846 for fit out and refurbishment. The Board challenged to ensure these costs were at a minimum level of a basic acceptable fit-out.

6e - FIT update

The Board were updated on latest developments to deliver the Future Integrated Transport (FIT) programme to transfer functions from the Welsh Government to TfW. Business Justification Cases are in the latter stages of development for the transfer of bus, active travel and aviation functions from 1 April 2020. Functions around the Strategic Road Network, including Trunk Road Agencies and trunk road projects will follow in subsequent years. A Programme Board is scheduled to meet next week with an aim to have agreed business justification cases soon after.

The Board discussed the benefits to TfW for taking these on functions, allowing where possible to evolve them, with the aim of providing a truly integrated transport network.

6f - Cardiff City Transport Plan

The Board discussed Cardiff Council's recently published Transport Plan. TfW is working with the Council on a range of the plan's items and had been alerted to several other previously unsighted new items. TfW has representation on a working group to taking forward the plan.

The Board discussed the need to ensure clarity over responsibilities set out in the Wales Transport Strategy and vision for Metro and that these will need refreshing at various stages of development.

6g - Customer Experience KPI dashboard

Transport Focus will soon publish its National Rail Passenger Service survey, but TfW's scores are likely to leave room for improvement.

6h - TfW Risk Register

The Board were informed that during the period two strategic risks were successfully mitigated and removed from the risk register. SR118 (Failure to deliver the December 2019 timetable and subsequent removal of Pacers from service) has been removed from the risk register following successful delivery of the December 2019 timetable. SR119 (Failure of the ODP to reach agreement with Freight Operators on CVL access) has been removed from the risk register following agreement being reached by operators with the ODP being achieved.

No additional risks have been added in January 2020. SR115 (Articles of Association and Governance are not suitable for TfW growth) have been reassessed during the month, with the likelihood and impact scores increasing. This has been driven by the imminent need to purchase land, which is not currently permitted through the Articles.

AB provided a comment in writing regarding SR 114 (Brexit) and which should now be modified to "no trade deal risk" which although a significant risk is more focussed and less complex than "no deal" risk. The Board agreed that this was appropriate.

An executive team risk workshop is planned for February 2020, during which a full review and recategorisation of strategic and business operational risks will take place.

6i - Cascaded rolling stock updates

The Board noted a paper providing an update on cascaded rolling stock. Five additional fleets (class 170, 230, 769, Mark 4s and extra class 153s) are due to be added to the TfW fleet to allow removal of the Pacers and Mark 3s. Plans are in place which see all class 170s and extra 153s in service by the end of Q1 2020 to replace the non-PRM compliant Pacer and Mark 3 fleets.

The class 769 and 230 introduction programmes are considered to carry more risk. Current plans will see both fleets in place to allow the removal of Pacers for the 31 July 2020. However, although there is increasing confidence these plans will be met, both programmes have had a history of delay and further slippage would jeopardise the Pacer removal by 31 July. Therefore, mitigations including strengthened project management and alternative fleets and extended Pacer operation have been implemented. Regarding Cl769s, the Board agreed a viable alternative plan is required if they are not ready for service by the end of July.

6j - Rail Operations dashboard

The Board discussed the back and forward-looking Rail Operations dashboards. 185 new Sunday services were implemented as part of the December 2019 timetable. The run up to Christmas was a difficult period for all service providers to ensure there was a full complement of traincrew available which led to several services cancelled in advance. However, train performance has seen an uplift since the introduction of the new timetable on six of the seven routes, with only the Ebbw Vale – Bridgend and Cheltenham – Maesteg suffering with lateness linked to the interaction with the new GWR timetable and Class 170 implementation. The overall train plan has seen an uplift in the capacity across all TfW services, with an additional 6 units required each day.

TfW has issued Rail Services with a performance plan notice to ensure they have clear committed interventions to improve performance for the Wales and Borders services and Core Valley Lines services. Following detailed sessions with Rail Services, TfW have agreed a performance plan that contains 11 comprehensive workstreams that address the current causes of performance and directly aimed to improve the service delivery in the short to mid-term. To review and monitor all interventions within each workstream a Performance improvement review group was set up by TfW in November which meets every four weeks to give assurance and governance. TfW is working with the TfWRS performance team to ensure all 11 workstreams are forecasted for performance (PTL) and early indications suggest that the Moving Annual Average will improve from the summer months, following a stability of fleet availability. [REDACTED]

6k - Communications

TfW's brand impression remains consistent with performance and is currently at -3.4. The Board agreed it would benefit from a weekly media update.

Action: LB to provide a weekly media update for Board members

RH joined meeting to provide an update on progress against recommendations from the Economy, Infrastructure and Skills Committee report (May 2019) – 'Future Development of Transport for Wales'. Action has been taken against all 13 recommendations. A further session is planned for next week to discuss performance and governance.

6l - Progress against milestones

The Board noted a paper providing an update on progress against corporate and programme milestone trackers.

6m - Statutory Undertakers STARS

The Board approved a paper recommending a change to the Delegations Matrix enabling Executive Directors to approve single tender action contracts to be awarded to Statutory Undertakers of a value up to £500,000 without SLT approval, where no other organisation can legally carry out the works. All the documentation will require completion and is subject to internal audit.

The Board stated the need to consider in each case whether TfW is able to carry out the works.

A summary of Single Tender Action Request and Commercial Departure Requests will be tabled at each Audit and Risk Committee meeting.

Action: DOL to produce summary report of Single Tender Action Request and Commercial Departure Requests to be tabled at each Audit and Risk Committee meeting

6n - Support for New Wales Transport Strategy & A465 Sections 5&6

The Board agreed for TfW to support the Welsh Government's development of the Wales Transport Strategy regarding an integrated sustainability appraisal, communications and stakeholder engagement and document production and graphics.

The Board also discussed a Welsh Government request to provide a Commercial/Project Director to lead delivery of the A465 Sections 5&6 improvement project. The Board discussed the proposed Mutual Investment Model (MIM) funding method for the project and agreed that this would require discussion with the Welsh Government. It was agreed that the role in question would require a tight specification on exactly what the Welsh Government requires and letters of association in terms of responsibilities and accountabilities. A key step to inform TfW's approach is early market engagement to determine the appetite for the role. TfW's Change Board agreed to proceed with market

engagement but that, whilst TfW providing the services might be the preferred approach, any Prior Information Notice issued to commence the market engagement should not prevent an alternative approach. The Board approved to proceed to Prior Information Notice.

The Chair closed the meeting and thanked everyone for their attendance.