NORTHERN IRELAND TRANSPORT HOLDING COMPANY

**Minutes of the Board Meeting held using Microsoft Teams**

**on 30 June 2020 at 1.00pm**

# PRESENT: Mark Sweeney (Interim Chairman)

**Chris Conway (GCE)**

# Anthony Depledge (AD, Senior Independent Director) Angela Reavey (AR)1

**Hilary McCartan (HM) Bernard Mitchell (BM) Patrick Anderson (CFO) Philip O’Neill (CBCO)**

# IN ATTENDANCE: Gordon Milligan (GM, CCSHR Officer)

**Priscilla Rooney (GC, General Counsel & Company Secretary)**

The Directors of the Northern Ireland Transport Holding Company are also the Directors of all other companies within the Group. As such they are mindful of their responsibilities and statutory duties to each. These minutes record the business of the Group meeting at which matters, factors and decisions relating to individual companies were raised and addressed.

# 3797 WELCOME AND APOLOGIES

The Interim Chairman welcomed Board members to the digital meeting.

# 3798 DECLARATION OF INTERESTS

No interests were declared.

# 3799 MINUTES & ACTION LIST

The minutes of the previous meeting were formally approved.

# 3800 CHAIRMAN & BOARD BUSINESS

On behalf of the Board, the Interim Chairman welcomed receipt of the letter and call from the Minister of Infrastructure, regarding the Group’s Going Concern status and reaffirming the NI Executive’s commitment to protecting the Group’s future financial position.

The Interim Chairman confirmed that he had inspected the Gifts & Hospitality Registers, and Registers of Interests (relating to period 1 April 2019 – 31 March 2020) for all Executives and Board members and was content that they were in order. Likewise, AD also confirmed that he had inspected the Interim Chairman’s registers for the same period, and they too were in order.

# 3801 SAFETY REPORT

The Board took the report as read and CBCO highlighted the following salient points:

**1** Joined meeting at 2.45pm

1. Statutory Reportable: Two incidents in the period, which resulted in minor delays but no collision or injury.

COVID-19 update: GCE provided a brief COVID-19 update on the continued work being undertaken across the organisation. Most recently the Group was preparing for the announcement that the wearing of face coverings would become mandatory on public transport.

AD paid tribute to employees across the Company for their flexibility and creativity in responding to the COVID-19 crisis.

# 3802 GCE REPORT

The Board took the report (and KPI summary) as read, and the Interim Chairman invited the GCE to speak on the following:

1. Financials: Group revenue significantly impacted by Covid-19 pandemic, off-set by increased PSO payments. The Group has worked diligently to manage labour costs and renegotiated with suppliers in a bid to reduce operating costs.
2. Marketing and PR: The Group has implemented the next phase of its Covid messaging campaign, asking passengers to adopt new behaviours as they begin to use services again, ‘Help Us, Help You’. The messaging will develop as lockdown eases.
3. Network: Discussions continue with the EA on the reopening of schools in September.
4. Major Capital Projects: Bus Procurement Appraisal – A programme has been developed for the purchase of buses for the next 7 years. The programme is based on the Fleet Strategy and focuses on the decarbonisation of the fleet through transition to zero emission vehicles. The EA also sought approval for the procurement of 100 zero emission vehicles, 74 Goldline and 45 Ulsterbus vehicles.
5. GCE Assurance letter: Annual Assurance letter to DfI was noted and endorsed by the Board.

# 3803 FINANCE REPORT

The Board took the paper as read.

1. Overview of Period 2: The annual budget which was presented to the Board in March is being updated to reflect the very significant impact of COVID- 19 and will be included in the Period 3 finance report and presented to the Board in July.

Group revenues are less than the same cumulative period last year due to significantly reduced passenger volumes as a result of the pandemic. Group operating costs are less than the same cumulative period last year, primarily due to reduced fuel, labour and other savings. The Group has focused on driving further efficiencies in labour and renegotiated with suppliers to drive further cost reduction. Fuel costs have been reduced due to less services operating. Group infrastructure costs are higher than last year, due primarily to the reduced track access income from Irish Rail.

HM was reassured to note the reduction in operating costs and acknowledged the challenging year which the Group faced. The Interim Chairman extended thanks, on behalf of the Board, to the CFO and the finance team for their hard work in completing the year end statutory audit and accounts, preparing the revised budget and during very difficult circumstances of a cyber-attack and COVID-19.

1. Provisions: The Board reviewed the provisions update, covering the period from 1 April 2019 – 29 March 2020.

**APPROVAL:** The Board approved the latest position on provisions and confirmed that the amounts provided represent a reasonable estimate of the probable funds outflow arising from the various categories of provision, based on the information provided to them.

1. 2020/21 Revised Budget: The Board had previously approved the 2020/21 Budget & Corporate Plan in March 20202 however as it was prepared prior to COVID-19, which has had a very significant impact on the Group’s trading performance, a revision was essential. Such is the severity of the impact of COVID-19, that passenger journey numbers dropped to only c.5% of the estimated levels for financial year 2020/21, prior to the pandemic.

The CFO presented the revised Budget.

The revised budget generates a significant cash deficit at the end of March 2021 and discussions are ongoing with DfI on the resultant cash requirement.

The Board discussed the revisions to the budget and agreed that while it was a useful update, it raised serious concerns about the short-term viability of the Group. BM shared his apprehension as to the cash position and the future

2 Minute 3762

Going Concern status of the Group, particularly given the uncertainty of the COVID-19 situation. The CFO advised the Board that the Group’s external auditors had taken into consideration the recent letter to the Group from the Minister for Infrastructure during their considerations on the Going Concern status of the Group.

The GCE reassured the Board that the Group would continue to mitigate the situation as far as possible, however this would be subject to further Governmental guidance and regulation.

**APPROVAL:** The Board approved the 2020/21 Revised Budget.

# 3804 DFI CORRESPONDENCE

Noted.

# 3805 AD HOC PAPERS

The Board took the papers as read.

BM, as Chairman of the Board Audit & Risk Committee, opened the item of approval of the annual report & accounts, with an overview of the Committee’s review and scrutiny of the annual report and accounts in recent weeks. He invited CFO to provide his views and recommendations to the Board on these and related items.

The CFO guided members through his Executive Summary paper.

**APPROVAL:** After taking into consideration members ’comments, the Board unanimously approved the annual report and accounts which comprises:

* Group annual report and accounts;
* Trading subsidiary accounts for NITHC, Northern Ireland Railways Company, Ulsterbus and Citybus;
* Non-Trading subsidiary accounts for Flexibus Limited, NIR Networks Limited, Translink (NI) Limited;
* Letters of representation in support of financial statements;
* Pensions and compensation payments 2020;
* Hi Park rental calculation 2019/20;
* NIR Regulatory Accounts.

The Board noted the KPMG Report and thanked the CFO and KPMG for their diligent work in completing the accounts in challenging circumstances.

HM sought an update of the Partnership Agreement and GC provided a brief summary in this regard.

# 3806 MAJOR PROJECTS KPI TRACKER

The Major Projects Tracker was noted by the Board.

# 3807 MINUTES OF COMMITTEE MEETINGS

The minutes of the Project Oversight Committee meeting held on 19 May 2020 were noted by the Board as read. The Interim Chairman discussed with the Board the matters for approval raised at the POC and sought Board approval for financial investment in the following:

* + Economic Appraisal for Metro & Ulsterbus Fleet Renewal Programme 2020

– 2027 –A presentation detailing this EA and its strategic context will be included as part of the July Board Meeting.

The minutes of the Board Audit and Risk Committee held on 24 June 2020 were noted as read, BM highlighted the following:

* NW Hub Internal Audit report was considered by BARC and will be issued to POC for information;
* Control Risk Self-Assessment project report was considered and will be issued to the Safety Committee for information;
* Corporate Risk Registers have been digitalised, resulting in more transparent, integrated and effective management tools for Executives and improved reporting to BARC and Board.

The summary report of the Group Renumeration and Pensions Committee held on 20 June were noted by the Board as read.

The Board noted the proposed updated and amendments to the various Terms of Reference for all the Board Committees.

**APPROVAL:** Proposed updates and amendments to all Board Committee, Terms of Reference were approved by the Board:

# 3808 ANY OTHER BUSINESS

The Supplier Relief paper was noted by the Board.

# 3809 DATE OF NEXT MEETING

22 July 2020.

SIGNED: \_\_ \_\_\_\_\_\_\_\_\_\_\_\_ DATE: \_\_\_\_\_\_\_

Chairman