

**MINUTES OF A MEETING OF THE BOARD
OF
NETWORK RAIL LIMITED
held at No.1 Capital Quarter, Tyndall Street, Cardiff CF10 4BZ
on
Wednesday 20 July 2016 at 11:00am**

Present:

Sir Peter Hendy (Chair)	Chris Gibb
Malcolm Brinded	Janis Kong
Rob Brighouse	Michael O'Higgins
Richard Brown	Bridget Rosewell
Mark Carne	Jeremy Westlake
Sharon Flood	

In attendance:

- Stuart Kelly – Deputy Group General Counsel
- Anthony Odgers - UKGI
- Nick Millington – Chief of Staff - observer
- Paul McMahon (min 16/104)
- Jo Kaye (min 16/107, 108 & 109)
- Rupert Walker (min 16/109)
- Clare Chalmers (Independent Audit) (min 16/110)

Apologies: Suzanne Wise – Group General Counsel

**MINUTE
NO.**

ACTION

16/99 CHAIR'S REMARKS

This meeting was Malcolm Brinded's last meeting. The Board thanked him for his immense contribution to Network Rail during his tenure and in particular his exemplary leadership of the Safety, Health and Environment Committee (SHE Committee). The process for the appointment of new non-executive directors had commenced.

Richard Brown's reappointment by the Department for Transport as the Special Director for another term was confirmed.

It was also noted that Stephen Glaister had been reappointed as Chair of the Office for Rail and Road until December 2017.

The Chair and the Chief Executive met with the new Secretary of State and Minister for Rail on Monday 18 July 2016. The meeting was positive. The topics covered in the time available with the Secretary of State were wide ranging, but particular focus had been placed on the role of Digital Railway in any future railway, the *Delivering for Customers* transformation plan and the implications and opportunities that had been presented by the outcome of the EU referendum.

The Secretary of State would be invited to see the weekly visualisation process, to be briefed on projects, and to visit sites of interest.

MC

There had been a meeting of non-executive directors of Network Rail and the Department for Transport. This meeting was positive.

It was noted that the Annual Report and Account had been published. The timetable had been affected by the EU referendum. The publication of the ORR monitor was also noted.

The Chair noted the works which would be undertaken during the August 2016 Bank Holiday weekend. Briefings on the locations and nature of the works would be circulated to the Board members, the Department for Transport and other key industry stakeholders.

MC

The Chair welcomed the fact that the first Class 800 Intercity Express (IEP) train had successfully carried out its first test run on the Great Western Main Line and welcomed the electrification of Reading to Didcot.

16/100 PREVIOUS MINUTES

The minutes of the Board meeting of 9 June 2016 were approved subject to 3 small amendments.

16/101 ACTION LIST

The Action list was reviewed.

16/102 DIRECTORS' INTEREST

Michael O'Higgins had been appointed to chair the Jersey Competition Regulatory Authority (JCRA) and the Guernsey Competition Regulatory Authority (GCRA).

BUSINESS OPERATIONS

16/103 BOARD REPORT – P3

Mark Carne presented the Period 3 Board report.

The contents were noted. The Board welcomed the inclusion of the Chief Executive's summary update that complemented the Board Report.

Safety

The known facts of the recent Italian train crash were discussed. Telephone signalling had been employed on that line. It was confirmed that there was no telephone signalling employed on the Network Rail infrastructure. The Network Rail review of human factors in signalling would be concluded in Autumn.

There was a company-wide safety stand down between 11 and 31 July 2016. The stand-down was focused on road safety. This was a response to road traffic accidents that had occurred since 2011 and most recently in June 2016.

Train Performance

Train performance had been extremely variable. Virgin West Coast had seen some of the best days ever in the history of the franchise and had been very close to

achieving the “perfect day” of 100% PPM. In the Western Route, at Paddington, there had been a serious automatic derailment of an empty passenger train caused by it passing a signal at danger (SPAD). This had been extremely disruptive to passengers. Effective communication and good cooperation with GWR had mitigated the impact as far as practicable.

The Board challenged the entire routes’ train performance and probed the actions that were being taken, in particular in London South East (LSE). This included the senior management changes that had occurred in LSE. Where senior managers had moved from other routes the plans for those routes were also discussed. Additional detailed data and graphics that were used to explain the performance of LSE would be circulated to each Board member.

MC

The disputes between the RMT and GTR (Southern) and Abellio (ScotRail) concerning driver only operated (DOO) trains were discussed. An emergency timetable had been put in place for Southern services.

Investment Projects

- Scotland
Project performance in Scotland was discussed. In particular EGIP where costs had increased and delays occurred. There would be a review of IP projects and Network Rail would appear before the Scottish Parliament to answer questions. The additional measures that had been taken to improve IP performance in Scotland were discussed.
- GWRM
The Board discussed the planned future retirement of some senior management. It was recognised that this programme was at a critical stage and the transition plan was discussed.
- Crossrail
The funding of on-network works was discussed. Board members who had experience of introducing new fleets and services had engaged with the Route Managing Director for the Anglia Route and this support would continue, together with engagement with GWRM and Crossrail projects.

Transformation – Delivering for our Customers

The Board was briefed on the good progress that had been made on the “*Delivering for our Customers*” transformation plan. The Board was also updated on the progress of the Holden consultation and the next steps.

Business Plan

There had been a presentation to the Department for Transport’s Board Investment and Commercial Committee (BICC). The Business Plan remained broadly on track. A full copy of the BICC presentation would be circulated to the Board members.

MC

The Board discussed the accounting treatment of the any proceeds from asset divestment.

Financial report

The Financial report was taken as read.

16/104 ROUTE PRESENTATION - WALES

Paul McMahon gave a presentation on the Wales Route.

The presentation focused on the route scorecard which included safety, customer satisfaction and train performance; and the challenges in respect of each of these subjects. The major projects in the Wales route were also discussed.

STRATEGIC

16/105 NORTHERN ROUTE

Mark Carne presented paper 58/16. The evolution of the proposal since the paper had been submitted was discussed. The next steps, which were an extension of the "Holden consultation", were **NOTED**.

16/106 BREXIT

Jeremy Westlake presented paper 59/16. This set out set high level opportunities and concerns relating to the UK public's vote to exit the EU. The Board members shared their perspectives with particular emphasis on opportunities.

The executive would continue to review the opportunities and risks.

16/107 IIA AND CP6

Jeremy Westlake presented paper 60/16.

As a follow up to the discussion on 12 July 2016, the paper set out the proposed engagement and actions to address key challenges set by the Board.

Further feedback was gathered from the Board.

The Board **NOTED** the proposed engagement plan.

The Board **AUTHORISED** the establishment of a sub-committee (the "Business Plan Committee") on following terms:

- it would provide oversight of the development of the Network Rail Business Plan;
- it should meet periodically from October 2016 until July 2017 (unless the Board extended the duration);
- subject to availability, it would consist of any of:
 - Bridget Rosewell;
 - Richard Brown;

- Sharon Flood; and
- Peter Hendy;

in addition Anthony Odgers would attend on behalf of UKGI

16/108 PR18 INITIAL CONSULTATIONS – RESPONSE

Jeremy Westlake presented paper 61/16. The paper attached the draft response to the ORR's PR18 initial consultation document. This incorporated the points raised by the Board at the June 2016 meeting.

Further feedback on the draft response was obtained.

The Board **AUTHORITISED** the Chief Financial Officer to approve the final response for submission.

APPROVALS

16/109 HS2 – EUSTON – UPDATE AND APPROVAL

Jo Kaye and Rupert Walker presented paper 62/16. This gave an update on HS2 and the key issues affecting Network Rail. This included the current programme timetable, the role of a system operator and the likely passenger disruption at Euston Station.

GOVERNANCE

16/110 BOARD EFFECTIVENESS REVIEW - RESULTS

Peter Hendy and Clare Chalmers presented the findings of the recent review. The Board discussed the findings.

16/111 INVESTMENT PANEL APPROVALS

The Board **NOTED** the update on investment schemes that were approved between 16 May and 30 June 2016.

The Board also **NOTED**:

- procurement matters that had been approved by the Procurement Executive Panels; and
- matters approved by the Executive Committee.

In relation to the Ryton site, a note would be circulated to the Board members summarising the original business case and the changes that informed the divestment decision.

JW

A further note will be circulated to the Board that explains the investment decision process for prospective new stations including the assessment of the overall benefit and effects on railway performance.

**JW
(Jo Kaye)**

16/112 BOARD FORWARD AGENDA

The September Board agenda was discussed.

16/113 DATE OF NEXT MEETING

The next Board meeting was confirmed for 28 September 2016 in Glasgow.

16/114 ANY OTHER BUSINESS

The Board was updated on the progress of the works at Dover sea wall and the anticipated early completion. Similarly the works at Queen Street Station, Glasgow had progressed well and completion ahead of schedule was also expected. The new London Bridge Station concourse would be open to passengers by the next Board meeting.

FOR NOTING

16/115 SUMMARY OF PROGRESS ON THE ASSET SALES PROGRAMME

Paper 64/16 gave an update on the Asset Divestment Portfolio. The update was **NOTED**.

16/116 NIC CONSULTATION ON NATIONAL INFRASTRUCTURE ASSESSMENT

Paper 65/16 gave an outline the response to National Infrastructure Commission consultation on process and methodology of national infrastructure assessments. The proposed Network Rail response was **NOTED**.

There being no further business the Chair closed the meeting.

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CHAIR