

**MINUTES OF A MEETING OF THE BOARD OF
NETWORK RAIL LIMITED**

**held at Network Rail, IMDM Depot, Dutton Lane, Eastleigh, Hampshire, SO50 6AA
on Tuesday 5 March 2019 from 08:30**

Present:	Sir Peter Hendy (Chair) Rob Brighthouse Richard Brown Sharon Flood Chris Gibb Andrew Haines	Silla Maizey David Noyes Mike Putnam Bridget Rosewell Jeremy Westlake
In attendance:	Michael Harrison, UKGI observer Stuart Kelly, Group General Counsel & Company Secretary Ashleigh Lopia, Executive Assistant, Board Helen Martin, Senior Assistant Company Secretary Caroline Murdoch, Director, Corporate Communications Anit Chandarana (min 19/34 to min 19/36) (by phone) Dan Boyde (min 19/37) Vince Lucas (min 19/37) Joe Guy (min 19/16) Andy Thomas (min 19/17) Aeneas Tole (min 19/17) Rob McIntosh (min 19/40) (by phone) John Reed, DfT (min 19/40)	
	Tony Poulter, DfT (min 19/40) Dave Hewings (min 19/42) Helen McAllister (min 19/42) James Jackson (min 19/45) Patrick Cawley (min 19/46) Martin Frobisher (min 19/46) Paul McKeown (min 19/47)	
Apologies:		

MINUTE NO.	ACTION	ACTION
19/27	<p><u>Safety briefing</u></p> <p>The Board was briefed on the safety and emergency evacuation procedures for Eastleigh Depot.</p>	
19/28	<p><u>Chair's remarks</u></p> <p>The Board:</p> <ol style="list-style-type: none"> 1. reflected on the session with stakeholders the previous evening; 2. discussed a recent meeting between the Chair, Chief Executive and the Secretary of State for Transport; 3. noted Keith Williams' keynote speech at the annual George Bradshaw Address; 4. welcomed the completion of the sale of Network Rail's commercial estate; 5. welcomed the European Commission's rejection, under the EU Merger Regulation, of the proposed merger of Alstom and Siemens Mobility; 6. commented on the Network Rail Footbridge Design Ideas Competition run in association with the Royal Institute of British Architects, which had sought new ideas to help inform the design and installation of fully accessible pedestrian footbridges across the rail network. The Board was encouraged that this would not be an isolated example of improved emphasis on design for passenger and user benefits and encouraged signage design to be prioritised; 	

	<p>7. commented favourably on the recent television programmes featuring Glasgow Central station, and noted that London Waterloo station was to be featured in a forthcoming television series;</p> <p>8. noted that the National Infrastructure Commission's (NIC) freight study was in its final stages, and that the NIC had launched a consultation looking at the resilience of the UK's infrastructure;</p> <p>9. recognised that there was no funding in CP6 specifically identified for rail freight, and that any works would compete with other programmes for enhancements funding;</p> <p>10. was updated on Thameslink and the challenges being faced as the number of services was expected to increase in May, and in December, 2019; and</p> <p>11. was updated on East West Rail.</p>	
19/29	<p><u>Minutes of previous meetings</u></p> <p>Subject to two minor amendments the minutes of the Board meetings held on 10 and 30 January 2019 were approved.</p>	
19/30	<p><u>Action list</u></p> <p>The Board discussed the action list.</p> <p><u>Post project reviews</u></p> <p>1. It was AGREED that the Board would have sight of the post project review on Thameslink. Amongst other things, this would include the lessons learned and how those lessons were to be applied to other projects.</p> <p>2. The Board asked for clarification of what reviews were carried out during the 'life' of a project, to assess whether or not the anticipated benefits remained viable and therefore whether the project should continue, be adapted or be ceased.</p>	<p>Jeremy Westlake</p> <p>Jeremy Westlake</p>
19/31	<p><u>Directors' interests</u></p> <p>Chris Gibb reported that as part of his consultancy work with Welsh Government he was now advising them on rolling stock strategies.</p>	
19/32	<p><u>Chief Executive's Report</u></p> <p>The Chief Executive discussed with the Board:</p> <p>1. The very sad death of a pedestrian on a footpath crossing between Bromsgrove and Cheltenham Spa. Network Rail was investigating this incident, as were the Rail Accident Investigation Branch and the ORR.</p> <p>2. Recent train performance, noting that work was being done to identify the factors that had contributed to improved performance. This work was linked to identifying the reasons for train delays more effectively; so that the reasons were understood, and could be addressed. Network Rail was also considering options for how train delay should be attributed or allocated.</p> <p style="text-align: center;"><i>Bridget Rosewell left the meeting.</i></p> <p>3. Network Rail's work with the DfT on forthcoming franchise awards, and some of the potential operational matters and impacts.</p>	

	<p>4. The status of the May 2019 timetable change.</p> <p>5. The nine-day possession on the Brighton main line. The Board recognised that alongside the engineering works, lots of other work was done that was more immediately obvious to passengers, such as pressure washing public areas and painting. The Board was also pleased to hear how this work had been done collaboratively with a sense of all workers (whoever their employer) being part of a single team.</p> <p>6. It was AGREED that the Board Report would be further refined. The Board noted that something highlighted as a risk in one section of the report had not been reflected elsewhere as a potential concern.</p> <p>7. The Board REQUESTED an update on the bulk closure of level crossings on Anglia Route.</p>	<p>Jeremy Westlake</p> <p>Stuart Kelly</p>
<p>19/33</p>	<p><u>Chief Financial Officer's Report</u></p> <p>The Chief Financial Officer discussed with the Board:</p> <ol style="list-style-type: none"> 1. The current forecast of where Network Rail would end the 2018/19 financial year. 2. The satisfactory completion of the disposal of the commercial estate. The NAO's report on this transaction was being finalised and would be shared with the Board once concluded and received. 3. Network Rail was now pooling its cash in the Government banking system, which was a good case study for various agencies working together to find a mutually beneficial way forward for the public purse. 4. The Network Grant Letter for England and Wales with the DfT had been signed. However, discussions continued with the DfT and Transport Scotland to finalise the remaining CP6 Grant Letters. 5. Discussions with the DfT on restructuring Network Rail's balance sheet had been deferred until the Williams Review had concluded. 6. The ORR had indicated that it was comfortable with much of Network Rail's readiness for CP6, although it remained less certain about the level of efficiencies the business would deliver. 7. Network Rail had shared its Brexit planning with the rail industry via the Rail Delivery Group. The Company was reasonably well prepared, but this was being monitored as the situation remained very fluid. There were some concerns about certain aspects of Network Rail's supply chain, particularly as some companies had not responded to Network Rail's requests for information on their preparedness. <div style="background-color: black; height: 30px; width: 100%; margin: 10px 0;"></div> <p style="text-align: center;"><i>Bridget Rosewell re-joined the meeting.</i></p> <ol style="list-style-type: none"> 9. The updates from the Property Supervisory Board were noted, in particular the impact of the HS2 works at Euston station on the retail offering at the station. 10. Guidance would be published on Network Rail's role and obligations as freeholder. 	<p>Jeremy Westlake</p> <p>Stuart Kelly</p>

<p>19/34</p>	<p><u>Williams Review – update</u></p> <p style="text-align: center;"><i>Anit Chandarana joined the meeting.</i></p> <p>The Board reviewed paper 13/19 which provided an update on the Williams Review. Since the paper had been written, Keith Williams had given the annual George Bradshaw Address, which had largely been similar in content to Network Rail's view on the industry 'problem statement'.</p> <p>The work of the Williams' Review team had so far focused on identifying the problems. There was to be a move towards identifying possible solutions.</p> <p>The Board commented on the use of certain statistics, and wondered whether it might simply be a case of the data being reported needing a more complete contextual explanation. This would be reviewed.</p> <p>The Board was pleased to note that the cross-party teams had been working well together, and that an external firm had now been appointed to advise on the workstream looking at the commercial model.</p> <p>The Board made some specific observations on the schedule of documents to be submitted to the Williams Review team, including the need to add a 'revenue allocation' line.</p>	<p>Anit Chandarana</p>
<p>19/35</p>	<p><u>CP6 Delivery Plan</u></p> <p>Paper 14/19 sought the Board's approval of the structure of a high-level summary document to accompany the detailed suite of Delivery Plan documents. This High-Level Plan document provided an overall view of the delivery plans, focussing specifically on Network Rail's overall role, purpose and vision with a particular focus on the benefits the business would deliver for passengers.</p> <p>The Board made some drafting comments and agreed, subject to those comments being addressed to his satisfaction, that AUTHORITY be delegated to Andrew Haines to complete and approve the High-Level Plan.</p>	
<p>19/36</p>	<p><u>RF11 update</u></p> <p>The Board discussed paper 14/19, which provided an update on the outcome of RF11 and the financials that would be included in the Delivery Plan, in particular:</p> <ol style="list-style-type: none"> 1. how the 'risk funds' would be used. The process for drawing down these funds was being considered and would be reported to the Board in due course. 2. A lessons learned review of the RF11 process would be carried out and the findings shared with the Board. <p>The Board NOTED that:</p> <ul style="list-style-type: none"> • The Network Rail financial funding and phasing for CP6 had been signed off by the DfT and was now subject to change control; • The draft RF11 had not identified any material financial issues although work to finalise the forecast continued; and • The draft RF11 was compliant with the Government's DEL rules. <p style="text-align: center;"><i>Anit Chandarana left the meeting.</i></p>	<p>Anit Chandarana</p> <p>Anit Chandarana</p>

<p>19/37</p>	<p><u>Performance improvement pursuant to ORR's performance improvement order</u></p> <p><i>Dan Boyde and Vince Lucas joined the meeting.</i></p> <p>The Board discussed paper 15/19, an update on Network Rail's response to the ORR's Provisional Order on Performance. The ORR's focus was on performance management and system recovery.</p> <p>A programme of work was in progress to address performance management, with other workstreams to come.</p> <p>The Board welcomed the paper and stressed the importance of this work continuing.</p> <p>The limited value of the 'public performance measure' as a methodology for measuring train performance was discussed; it did not represent passenger experience.</p> <p>More sophisticated measurement equipment was available than Network Rail currently used, which would open up other sources of information.</p> <p>The Board noted the potential conflict between the timetables specified in franchises and the level of performance that franchisees were committing to. The Board agreed that when Network Rail undertook evaluation of parts of franchise bids it was essential to be clear to DfT where the Company believed a timetable was not achievable and where the timetable was theoretically achievable but could result in considerable performance risk.</p> <p>The Board requested a presentation on operational capability and competence to support the drive for improvements in train performance. This would be tied to the September 2019 graduate programme intake run jointly by Network Rail and Great Western Railway.</p> <p>The Board would review this programme regularly.</p> <p><i>Dan Boyde and Vince Lucas left the meeting.</i></p>	<p>Mark Langman</p> <p>Dan Boyde</p>
<p>19/38</p>	<p><u>Graduate scheme</u></p> <p><i>Joe Guy joined the meeting.</i></p> <p>Paper 16/19 informed the Board on the career journey of those completing Network Rail's graduate programme over the last 10 years.</p> <p>The work underlying this paper highlighted some improvements that were needed to support, develop and retain graduates, and the range of initiatives that were being implemented to address this.</p> <p>The Board recommended that this type of analysis be done on Network Rail's apprenticeship cohort over the same period, and the outcome of that form part of the Board's next annual review of the graduate and apprenticeship schemes, and incorporated into future consideration of management succession.</p> <p><i>Joe Guy left the meeting.</i></p>	<p>Joe Guy</p>
<p>19/39</p>	<p><u>Route presentation - Wessex</u></p> <p><i>Andy Thomas and Aeneas Tole joined the meeting.</i></p> <p>The Board reviewed paper 17/19 which summarised the status of the Wessex Route, acknowledging that passengers had experienced a challenging year on the Route.</p> <p>Andy Thomas had done a thorough review of the Route and several interventions had been made which were starting to yield improvements in train performance. One such initiative was the creation of a joint performance improvement office based in London</p>	

Waterloo. Another was the establishment of a 'junior board' which gave junior managers the opportunity to solve problems on behalf of the executive leadership team. This not only identified and implemented improvements in the Route, it developed the skills, experience and knowledge of that group, highlighting potential future leaders.

The Route executive team was also doing 'deep dives' into the business to check whether there was data to support anecdotal evidence. Some relatively 'quick wins' had been identified. Other issues required more fundamental changes to be implemented, some of which required cooperation from the wider industry.

The Board commended the approach Andy Thomas had taken, and welcomed his report.

Andy Thomas and Aeneas Tole left the meeting.

19/40

East Coast Partnership - update

Rob McIntosh, Tony Poulter and John Reed joined the meeting.

The Board reviewed paper 18/19 which provided an update on the East Coast Partnership (ECP) and its alignment with wider industry changes. The ECP's stated purpose was to be "the first of the new generation of long term regional partnerships bringing together the operation of track and train under a single leader and unified brand".

The Board discussed the thinking behind four potential models being considered by the ECP Board, which could be introduced incrementally rather than be discrete options to choose between.

The Board:

1. Wanted to understand how the railway would be operated day-to-day under each model, and how that would improve things for the passenger and freight operator; what did each model offer – both positive and negative impacts on the passenger in terms of choice, pricing, and passenger experience;
2. Recommended that the 'problem statements' that the Williams Review was considering were mapped against the four potential ECP models; to set out what the problems were the ECP was trying to solve, and what was an optimal solution;
3. Would find it helpful for a narrative of the key principles of each model to be included on the diagrams;
4. Wanted to understand the plans for ownership of each risk, and the extent to which the risk owners would be able to carry that level of risk;
5. Wanted to know how the cultural differences that would emerge from bringing together separate entities with different governance structures would be resolved;
6. Questioned the kind of trade-offs that would be required in decision making, how those trade-offs would be evaluated and who was accountable for deciding on those trade-offs;
7. Asked what these proposed models would enable or facilitate that was not currently feasible;
8. For each of the four models, requested clarity around the people strategy for railway industry employees.

The Board agreed that it had been a very useful discussion and asked for an update at the July 2019 Board meeting.

Rob
McIntosh

	<i>Rob McIntosh, Tony Poulter and John Reed left the meeting.</i>	
19/41	<p><u>National Rail Passenger Survey – Autumn 2018</u></p> <p>Paper 19/19 reviewed the National Rail Passenger Survey results, drawing attention to the findings about stations managed by Network Rail.</p> <p>The Board asked for clarity on how these results were obtained and analysed, such as: whether people were spoken to at the start or end of their journey.</p> <p>The Board discussed how best to improve passenger satisfaction scores, and what should be prioritised. It was recognised that different types of passengers had different priorities and that there was no single solution.</p> <p>The Board welcomed the paper and asked that next time the survey results were reported to the Board, they were accompanied by an explanation of how the executive leadership team was addressing the findings.</p>	<p>Caroline Murdoch</p> <p>Caroline Murdoch</p>
19/42	<p><u>Network Rail’s electrification strategy</u></p> <p><i>Dave Hewings and Helen McAllister joined the meeting.</i></p> <p>The Board discussed paper 20/19 which considered:</p> <ul style="list-style-type: none"> • the lessons learned from the CP5 portfolio of electrification works; • how future electrification projects could be delivered more efficiently; and • the need to take a more strategic view of electrification schemes, considering matters such as the future of traction and decarbonisation. <p>The Board welcomed the paper, and asked:</p> <ol style="list-style-type: none"> 1. what the rail industry could do to help decarbonise ground transport; 2. whether the available funding was being spent in the right areas to support decarbonisation; 3. for clearer linkages of this strategy to the digital railway strategy; 4. how rolling stock decisions could support the electrification strategy and/or decarbonisation; 5. how Network Rail could influence future conversations on electrification, showing that the Company understood the issues that had arisen, for example, with ‘powering up’ and electromagnetic interference; 6. how best to give funders clear choices with compelling business cases for electrification that also showed how time and cost trade-offs would impact what could be done; and 7. about the bigger piece of work addressing what was needed to facilitate electrification in future and what it would cost the whole rail industry, including how assets needed to be managed, eg, changes to bridge height. <p>An update addressing these questions would be provided to the Board.</p> <p><i>Dave Hewings and Helen McAllister left the meeting.</i></p>	<p>Andrew Haines</p>
19/43	<p><u>Network Rail’s Risk Appetite Statement</u></p> <p>Paper 21/19 sought the Board’s approval of the proposed risk appetite statement.</p> <p>Noting that the Audit & Risk Committee had reviewed and recommended this risk appetite statement, the Board APPROVED the same.</p>	

<p>19/44</p>	<p><u>DfT Loan Facility - changes</u></p> <p>The Board discussed paper 22/19 which sought approval to enter into a further loan facility agreement with the DfT for CP6 to refinance maturing borrowings.</p> <p>The Board:</p> <ol style="list-style-type: none"> 1. APPROVED the DfT loan facility proposal in principle and the execution of all documents required to implement the Facility; 2. DELEGATED AUTHORITY to the Chief Financial Officer together with either the Group Financial Controller or Head of Treasury to finalise the DfT loan facility agreement and to sign on behalf of Network Rail Infrastructure Limited any and all documents necessary to give effect to this resolution; and 3. DELEGATED AUTHORITY to any two of the Chief Financial Officer, Group Financial Controller and Head of Treasury to authorise specified persons to take all such actions as may be required to implement and operate the DfT loan agreement. 	
<p>19/45</p>	<p><u>Core Valley Lines divestment – update</u></p> <p style="text-align: center;"><i>James Jackson joined the meeting.</i></p> <p>Paper 23/19 asked the Board to note the status of this programme and endorse the outline business case for the DfT shareholder team to consider.</p> <p>The Board noted that (i) Transport for Wales (TfW) intend to acquire the assets in September 2019, with a backstop of 31 March 2020 and (ii) since the last update on this matter, the operator franchise in Wales had been awarded to Keolis Amey.</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>The Board commended the work done by James Jackson and colleagues on this complex subject.</p> <p style="text-align: center;"><i>James Jackson left the meeting.</i></p>	
<p>19/46</p>	<p><u>East West Rail phase 2</u></p> <p style="text-align: center;"><i>Patrick Cawley, Paul McKeown and Martin Frobisher joined the meeting.</i></p> <p>Paper 24/19 sought investment to allow the East West Rail Phase 2 project to commence GRIP 5 and, subject to the agreement of East West Rail Company and DfT, accelerate elements of GRIP 6 to facilitate integration with HS2 in the Calvert area.</p> <p>The Board discussed a few process points regarding the approval process for transactions such as this (see minute 19/48 below).</p> <p>The Board NOTED the outputs achieved and progress to date, and APPROVED the investment sought as set out in the paper.</p>	

	<i>Patrick Cawley and Martin Frobisher left the meeting.</i>	
19/47	<p><u>TransPennine Route Upgrade – investment authority</u></p> <p>The Board discussed paper 25/19 which sought investment for the development of Tranches 2 and 3 of the TransPennine Route Upgrade programme up to 'Approval in Principle' including final business case and enabling works east of Leeds.</p> <p>The Board was assured that the costs had been rigorously challenged and checked through three reviews.</p> <p>The Board APPROVED this investment to progress the TransPennine Route Upgrade to final investment decision by mid-2020.</p> <p><i>Paul McKeown left the meeting.</i></p>	
19/48	<p><u>Investment papers – process for approval</u></p> <p>While reviewing the requests for investment the Board discussed the wider project and programme authority process. The conversation focused on understanding:</p> <ol style="list-style-type: none"> 1. where approvals were largely process driven (particularly in the context of enhancements, where these were now signed off by the DfT) and where costs, timescales and benefits had been rigorously reviewed before being approved; 2. the accountabilities of the authorising parties, within and outside Network Rail, at various stages in the approval process; and 3. whether the sequencing of these reviews and approvals was correct. <p>The Board would receive a briefing in due course.</p>	Jeremy Westlake
19/49	<p><u>Crossrail re-authority and CP6 funding</u></p> <p>Paper 26/19 sought the Board's approval of a further investment in line with the CP6 funding plan approved by the Secretary of State to complete the Crossrail and enhanced stations scope, comprising Crossrail On Network Works and Enhanced Stations.</p> <p>The board AUTHORISED this funding as set out in the paper.</p>	
19/50	<p><u>Committee updates</u></p> <p>The Board was updated on the activities of the following board committees since the 10 January Board meeting:</p> <ul style="list-style-type: none"> • Audit & Risk Committee • Treasury Committee • Nomination & Remuneration Committee • Safety Health & Environment Committee 	
19/51	<p><u>Prosecution report</u></p> <p>The Board reviewed paper 27/19 and noted the updates since the last report.</p>	
19/52	<p><u>Company Secretary's report</u></p> <p>The Board reviewed paper 28/19.</p> <p>Following discussion, the Board RATIFIED the changes to the composition of subsidiary company boards and the use of the Company seal, both as set out in the paper.</p>	

	<p>The Board NOTED the arrangements in place for the publication of Board minutes and the governance and corporate law developments contained in the paper.</p>	
19/53	<p><u>Board forward agendas</u></p> <p>The Board discussed the draft agendas for the meetings on 1 and 30 May.</p>	
19/54	<p><u>Delegated Authority – one level up reporting</u></p> <p>The Board discussed paper 29/19.</p>	
19/55	<p><u>System Operator – post May 2018 timetable</u></p> <p>The Board noted the two papers presented as paper 30/19 which updated the Board on:</p> <ul style="list-style-type: none"> • progress with addressing the various recommendations made by the Transport Select Committee, the Glaister Inquiry and the ORR's Final Order in relation to the timetable disruption in May 2018; and • the early indication of the performance of the December 2018 'hybrid timetable', the May 2019 timetable process, residual risks and overall status, an update on the status of the September 2019 and December 2019 timetable process, and an overview on the additional assurance steps that the PMO had established to de-risk timetable development and strengthen operational readiness of Routes and Operators. 	
19/56	<p><u>Whistleblowing - update</u></p> <p>The Board reviewed paper 31/19, noting that it had previously been considered by the Audit & Risk Committee.</p> <p>This paper was designed to inform the Board on the 'whistleblowing' arrangements in place to allow Network Rail's workforce to raise concerns in confidence and, should they wish to, anonymously.</p> <p>The Board NOTED the whistleblowing arrangements as set out in the paper.</p>	
19/57	<p><u>Any other business</u></p> <p>1. <u>Changes to Network Rail's Station Licence</u></p> <p>The Board was reminded that it had previously approved changes to Network Rail's Network Licence in agreement with the ORR. Some of those changes need to be reflected in the Station Licence.</p> <p>Separately, and following its consultations on Improving Assisted Travel (November 2018) and on changes to complaints handling guidance (September 2017), the ORR proposed to modify the conditions of the Station Licence to reflect the responses received.</p> <p>The ORR wanted to implement these changes, which were not considered to be material, with effect from 1 April 2019.</p> <p>The Board DELEGATED AUTHORITY to Andrew Haines, or in his absence Jeremy Westlake, to review the proposed changes to the Station Licence and, should he deem it appropriate, approve those changes.</p>	

2. Security Incident

The Board was briefed through the meeting on the emerging security incident that had been encountered at Waterloo General Offices that day (as well as elsewhere at London City and Heathrow Airports). The Board commended the actions of the Waterloo mailroom staff who had handled the situation in an exemplary way, and asked that the relevant staff be thanked for their actions.

Andrew
Haines

There being no further business the Chair closed the meeting at 16:12.

..... Chair