

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

**held at Virgin Trains' Talent Academy, Tatton House, Crewe Business Park, Crewe, CW1 6ZD  
on Thursday 10 January 2019 from 08:30**

<b>Present:</b>	Sir Peter Hendy (Chair) Rob Brighthouse Richard Brown Sharon Flood Chris Gibb	Andrew Haines David Noyes Mike Putnam Bridget Rosewell Jeremy Westlake
<b>In attendance:</b>	Henry Bates, Business Manager, CE Michael Harrison, UKGI observer Stuart Kelly, Group General Counsel & Company Secretary Helen Martin, Senior Assistant Company Secretary Caroline Murdoch, Director, Corporate Communications Anit Chandarana (minute 19/08) Charles Robarts (minute 19/08) Martin Frobisher (minutes 19/09 to 19/12 inclusive) Peter Broadley, Virgin Trains (minute 19/09) Patrick McCall, Virgin Rail Group (minute 19/09) Phil Whittingham, Virgin Trains (minute 19/09) Simon Blanchflower, East West Rail (minute 19/11) Loraine Martins (minute 19/12) Helen Hunter-Jones (minute 19/13)	
<b>Apologies:</b>	Silla Maizey	

MINUTE NO.		ACTION
19/01	<p><b><u>Safety briefing</u></b></p> <p>The Board was briefed on the safety and emergency evacuation procedures for Tatton House.</p>	
19/02	<p><b><u>Chair's remarks</u></b></p> <p>The Board:</p> <ol style="list-style-type: none"> <li>1. Reflected on the meeting the previous evening with representatives from Virgin Trains, appreciating the openness and quality of the discussions.</li> <li>2. Noted that Network Rail's 2018 Gender Pay Gap was 11.2%, a slight improvement on 2017 and lower than the 2018 national average of 18.4%. The full report was available on Network Rail's website.</li> <li>3. Noted that the Secretary of State had re-appointed Rob Brighthouse as a Network Rail Non-executive Director for a second, three-year term.</li> <li>4. Congratulated two Network Rail colleagues who had been named in the New Year's Honours list:           <ul style="list-style-type: none"> <li>• Bridget Rosewell had received a CBE for services to the economy, particularly through her work on the National Infrastructure Commission.</li> <li>• John Clough was awarded an MBE for his outstanding contribution on the issue of domestic abuse and support for victims.</li> </ul> </li> </ol>	

19/03	<p><b><u>Minutes of the previous meeting</u></b></p> <p>Subject to one amendment the minutes of the meeting held on 3 December 2018 were approved.</p>	
19/04	<p><b><u>Action list</u></b></p> <p>The Board discussed the Action List and the updates which had been provided to close out a number of actions.</p> <p>It was <b>AGREED</b> that:</p> <ol style="list-style-type: none"> <li>1. Neil Sachdev and Steve Smith, non-executive directors on the Property Supervisory Board, would be invited to the Board meeting when the Property Strategy was discussed in late Spring or early Summer.</li> <li>2. Consideration would be given as to how to provide the Board with the oversight and assurance it needed regarding scope change and delivery against the business cases across the portfolio of projects, bearing in mind the longevity of some projects.</li> </ol> <p>The Board noted the work that was being done to improve the quality of meeting papers. The Board would consider whether the necessary improvements had been delivered, later in the year.</p>	<p>Jeremy Westlake</p> <p>Andrew Haines</p> <p>Stuart Kelly</p>
19/05	<p><b><u>Directors' interests</u></b></p> <p>Richard Brown advised the Board that his appointment as a director of HS2 Limited had been extended.</p>	
19/06	<p><b><u>Chief Executive's Board Report</u></b></p> <p>Amongst other things, the Board discussed:</p> <ol style="list-style-type: none"> <li>1. The accident at Godinton Substation near Ashford, Kent, in which a colleague sustained severe burns. The investigation into the accident was continuing. In the meantime, a safety briefing was issued on 24 December 2018.</li> </ol> <p>This accident and some of the issues arising from it would be discussed in detail by the Safety, Health and Environment Committee.</p> <ol style="list-style-type: none"> <li>2. The dreadful fatal attack on a South Western Railway train between Waterloo and Guildford.</li> <li>3. The programme of Christmas and New Year engineering works went very well overall, with more than 300 projects around the country delivered safely. There had been one significant overrun at Westbury, the underlying reasons for which were being investigated.</li> <li>4. The introduction of the December 2018 timetable had gone smoothly. Train performance over the last four weeks had improved and assets were performing well. It was recognised that the benign early winter weather had been one of the contributory factors.</li> <li>5. A recent meeting between the Secretary of State, Sir Peter Hendy and Andrew Haines.</li> <li>6. Progress on pay negotiations for general grades.</li> <li>7. The current status of Crossrail.</li> </ol>	

<p><b>19/07</b></p>	<p><b><u>Chief Financial Officer's Report</u></b></p> <p>The Board discussed the Chief Financial Officer's report, in particular:</p> <ol style="list-style-type: none"> <li>1. The status of the disposal of Network Rail's commercial estate to Telereal Trillium and Blackstone Property Partners; and that the National Audit Office would be reviewing this transaction;</li> <li>2. Progress on delivering efficiencies, notably the work done to change ecology management on infrastructure projects. The new approach, in collaboration with Natural England, which had removed the need for the London to Corby project team to relocate or exclude Great Crested Newts from the development site, provided that a new habitat was created which would enhance the local population of newts;</li> <li>3. The status of the proposed Alstom Siemens merger; and</li> <li>4. The financial health of Network Rail's critical supply chain. The Board asked to see a heat map of where the vulnerabilities were perceived to be.</li> </ol>	<p>Jeremy Westlake</p>
<p><b>19/08</b></p>	<p><b><u>Williams Review - update</u></b></p> <p><i>Anit Chandarana and Charles Robarts joined the meeting.</i></p> <p>The Board discussed paper 04/19 which highlighted a number of potential matters that the Company would like to be addressed by the Williams Review. Following discussion the paper would be updated, before being submitted to the Williams Review team as part of their call for evidence.</p> <p>The Board provided detailed comments on the proposals, covering:</p> <ol style="list-style-type: none"> <li>1. The need to explain the current structure of the rail industry, which was generally not well understood, to help draw out the matters that needed to be addressed. This would also help to emphasise that a 'one size' solution would not fit all parts of the rail industry;</li> <li>2. How the individual elements of the rail industry needed to work together more collaboratively for the benefit of passengers and freight users, recognising that the solutions would be different at local, regional and national levels. Solutions would need to be flexible, and recognise that within the financial limitations of the industry trade-offs would sometimes need to be made;</li> <li>3. The economic benefits delivered by the rail industry, helping to generate jobs and housing by improving connectivity to cities and major business hubs, recognising the long-term nature of the industry;</li> <li>4. The need to align the incentives of businesses in the rail industry so that they work towards the common goal of delivering for the passenger and freight users;</li> <li>5. The importance of delivering the cultural and behavioural change of stakeholders across the rail industry, recognising that simply changing the structure of the industry would not address many of the underlying and more fundamental issues;</li> <li>6. The need to provide case studies evidencing what works well, that may not need to be changed; and</li> <li>7. The need for an understanding of how the rail network is and might be funded.</li> </ol> <p>The Board would receive a further update on the Williams Review in March.</p> <p><i>Anit Chandarana and Charles Robarts left the meeting.</i></p>	<p>Anit Chandarana</p>

<p><b>19/09</b></p>	<p><b><u>Presentation from Virgin Trains</u></b></p> <p><i>Peter Broadley, Martin Frobisher, Patrick McCall and Phil Whittingham joined the meeting.</i></p> <p>Patrick McCall started with a very brief history of the relationship between Virgin Trains and Network Rail, and said he felt very positive about the future.</p> <p>The discussions then ranged across:</p> <ol style="list-style-type: none"> <li>1. The performance of Virgin Trains, opportunities for and challenges to further growth of their business;</li> <li>2. Challenges facing the whole rail industry; and</li> <li>3. Virgin Trains' relationship with Network Rail, now and proposals for future working together.</li> </ol> <p>The Board welcomed the open and honest discussion, and thanked Phil, Patrick and Peter and for their presentation.</p> <p><i>Peter Broadley, Patrick McCall and Phil Whittingham left the meeting.</i></p>	
<p><b>19/10</b></p>	<p><b><u>Route review – LNW</u></b></p> <p>In advance of the meeting the Board had received paper 02/19 which gave a business update on the London North Western Route.</p> <p>The Board briefly discussed performance against the LNW scorecard, before moving on to discuss, at a strategic level, events in the Route over the next few years. A number of risks had been identified and were discussed with the Board, including the work being done to mitigate those risks.</p> <p>The Board commended the insights that had been provided, and was pleased to see the tools being used to monitor projects, risks and opportunities over the short- to medium- term.</p> <p>The Board also acknowledged and commended route colleagues their leadership in the improvement of train performance on LNW over the last six months.</p>	
<p><b>19/11</b></p>	<p><b><u>East West Rail - update</u></b></p> <p><i>Simon Blanchflower joined the meeting.</i></p> <p>The Board received a presentation (paper 05/19) on East West Rail (EWR) from Rob Brighouse, in his capacity as Chair of EWR, and Simon Blanchflower, EWR's chief executive.</p> <p>The Board noted that:</p> <ol style="list-style-type: none"> <li>1. EWR was an economic rather than railway project supporting a predicted significant growth in housing and business in the Oxford – Milton Keynes – Bedford - Cambridge corridor; and</li> <li>2. EWR was designed to bring together responsibilities and capabilities that had previously been divided across existing industry boundaries, into a more robust form of 'clienting'. As an 'intelligent client' EWR holds, for the whole programme, responsibility for aligning strategic objectives, through the business case and requirements specification and into design.</li> </ol> <p>The Board discussed the challenges faced by the EWR team, and noted that the high level principles of a positive working relationship between EWR and Network Rail had been agreed.</p>	

	<p>A joint working session would be held around March 2019 to emphasise the importance for both EWR and Network Rail, that this project was delivered successfully.</p> <p>A protocol promoting the nature of the interactions between the two organisations would be approved by the Board in due course.</p> <p style="text-align: center;"><i>Simon Blanchflower left the meeting.</i></p>	
19/12	<p><b><u>Response to ORR’s accessibility consultation</u></b></p> <p style="text-align: center;"><i>Loraine Martins joined the meeting.</i></p> <p>The Board reviewed paper 06/19 on the ORR’s consultation on “Improving Assisted Travel – A consultation on changes to guidance for train and station operators on Disabled People’s Protection Policy”. The Board welcomed a discussion at the highest levels in Network Rail on this crucial passenger and customer topic, and discussed Network Rail’s proposed response to that consultation.</p> <p>The Board noted:</p> <ul style="list-style-type: none"> <li>• that the definition of ‘disability’ in this context was very wide, and covered both physical and mental health conditions; and</li> <li>• the inconsistent approach across the network to supporting disabled passengers as they travelled by train.</li> </ul> <p>The Board <b>ENDORSED</b> the proposed response to the ORR’s consultation.</p> <p>The Board requested a paper on improvements that could be made to the built environment to help all passengers. This paper should consider any pertinent matters and not be restricted to the content of the ORR consultation.</p> <p>The Board further noted that accountability does not only relate to the built environment, but Network Rail’s whole approach to passengers with access needs.</p> <p style="text-align: center;"><i>Martin Frobisher and Loraine Martins left the meeting.</i></p>	Loraine Martins
19/13	<p><b><u>Risk – update on key risks and how they are managed</u></b></p> <p style="text-align: center;"><i>Helen Hunter-Jones joined the meeting.</i></p> <p>Paper 01/19 provided the Board with an overview of Network Rail’s risk management framework and outlined a more formal process to keep the Board apprised of risks.</p> <p>Having discussed the matters raised in paper 01/19, it was <b>AGREED</b> that the Board would review the Company’s principal risks twice a year.</p> <p>One review would focus on the principal risks and how they were managed and mitigated, alongside a review of the effectiveness of the Company’s risk management and internal control systems.</p> <p>The other review would be ‘horizon scanning’ to systematically look to the future to identify emerging risks and trends that may develop into a future risk.</p> <p style="text-align: center;"><i>Helen Hunter-Jones left the meeting.</i></p>	Jeremy Westlake
19/14	<p><b><u>Final Determination – related papers – delegated authority to sign</u></b></p> <p>The Board reviewed paper 07/19 which sought approval for the Chief Financial Officer to enter into the grant agreements with DfT and Transport Scotland for CP6.</p>	

	<p>The Board <b>AUTHORISED</b> the Chief Financial Officer to:</p> <ul style="list-style-type: none"> <li>Finalise the grant letters and any ancillary documents regarding funding to be provided to Network Rail by DfT and Transport Scotland in CP6; and</li> <li>To execute these documents on behalf of Network Rail.</li> </ul>	
19/15	<p><b><u>Brent Cross New Station</u></b></p> <p>The Board noted paper 09/19, and <b>RATIFIED</b> the authority already granted to enter into an Implementation Agreement with the London Borough of Barnet in connection with proposed on-network works.</p> <p>The Board asked for confirmation that suicide prevention measures in place at Brent Cross New Station were in line with current standards and best practice, rather than those in place when the project was initiated.</p>	Andrew Haines
19/16	<p><b><u>Network Rail's response to ORR's consultation on its 'Holding to Account' policy</u></b></p> <p>The Board noted paper 08/19 which sought feedback on the proposed response to the ORR's "Holding Network rail to Account" policy for CP6 and its approach to assessing the quality of Network Rail's stakeholder engagement in CP6.</p> <p>The Board understood what the ORR was seeking to achieve by introducing this policy, and asked for a paper in early 2020 to assess whether or not the process was working.</p>	Jeremy Westlake
19/17	<p><b><u>Prosecution Report</u></b></p> <p>The Board reviewed paper 10/19 and noted the updates since the last report.</p>	
19/18	<p><b><u>Company Secretary's Report</u></b></p> <p>The Board reviewed paper 11/19.</p> <p>Following discussion the Board <b>APPROVED</b> the proposed changes to the primary purpose of the Business Plan Committee with effect from 15 February 2019.</p> <p>The Board <b>RATIFIED</b> the use of the Company seal as set out in paper 11/19.</p>	
19/19	<p><b><u>Board forward agenda</u></b></p> <p>The Board discussed the draft agenda for the March 2019 Board meeting, and some changes were made.</p>	
19/20	<p><b><u>Any other business</u></b></p> <p>It was <b>AGREED</b> that the Board's strategy and continuing professional development meeting scheduled for 29 May would be rescheduled. However the stakeholder event on the evening of 29 May would go ahead.</p> <p>The Board noted that PPM on South East Route for 10 January was 90%, and that for one particular two hour period had reached 96%.</p>	
<p>There being no further business the Chair closed the meeting at 15:58.</p> <p>..... Chair</p>		