

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

**held at Waterloo General Office, Station Approach, London SE1 8SW
on Wednesday 30 January 2019 from 09:00**

Present:	Sir Peter Hendy (Chair) Rob Brighthouse 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 Helen Martin, Senior Assistant Company Secretary Caroline Murdoch, Director, Corporate Communications Becky Lumlock, Group Transformation & Efficiency Director Alison Rumsey, Group HR Director, Human Resources Denise Wetton, Programme Director, Route Businesses Susan Cooklin (minute 19/123) John Halsall (minute 19/123) Jo Kaye (minute 19/123) Mark Langman (minute 19/123) Rob McIntosh (minute 19/123) Francis Paonessa (minute 19/123) Jon Shaw (minute 19/123)	
Apologies:	Richard Brown	

MINUTE NO.		ACTION
19/21	<p><u>100 Day Programme update – opening remarks</u></p> <p>It was noted that although Richard Brown was unable to attend the meeting, he had commented in writing on the meeting papers circulated and the programme as a whole. Andrew Haines would respond to that email.</p> <p>The Programme update was presented by the workstream owners to emphasise (i) the collaborative effort that underpinned the proposals, and (ii) that the proposals were collectively owned by the Executive Leadership Team. During the meeting there were two sessions when the Board discussed the proposals without management present.</p> <p>The Non-executive Directors had been consulted at various stages of this Programme, and their feedback had been addressed. The Board was asked to raise anything that they would particularly like to be addressed in the meeting. The Board sought:</p> <ul style="list-style-type: none"> • clearer evidence that Network Rail had learned lessons from the past and that as an organisation, it was able to change; • assurance that the executive team had the skills, knowledge and experience to build the culture and behaviours within Network Rail that were necessary to deliver the proposed changes; and • assurance that much of the bureaucracy within Network Rail would be removed to empower people (particularly those on the front line and their immediate managers) to do their jobs in a safe, timely and reliable way. <p>The Board acknowledged that the discussion in the meeting was to focus on the need for changing the way Network Rail worked both internally and with the wider rail industry and other stakeholders.</p>	

	<p>The Board also acknowledged that although change had to take place, Network Rail's many excellent and hugely committed people had delivered some really important work, such as the redevelopment of London Bridge Station, Ordsall Chord and suicide prevention work with Samaritans.</p>	
<p>19/22</p>	<p><u>Safety briefing</u></p> <p><i>Becky Lumlock, Caroline Murdoch, Alison Rumsey and Denise Wetton joined the meeting.</i></p> <p>The Board reflected on the importance of continuing to run a safe railway during any period of change. However, the Board also heard how Network Rail's operations and maintenance people sometimes felt hampered by some of the systems and processes that had to be followed.</p> <p>The proposed cultural and behavioural changes recognised that one set of rules did not fit all situations and/or locations. The changes would provide a balance between highly prescriptive ways of working in certain circumstances (eg, compliance with the lifesaving rules) and people feeling empowered to make dynamic, risk based decisions in performing their roles effectively.</p>	
<p>19/23</p>	<p><u>100 Day Programme update</u></p> <p>The Board's discussion ranged across the following topics:</p> <ul style="list-style-type: none"> • the case for change and the Listening Programme • Network Rail's vision and values • ways of working and delivering service excellence • the proposed new operating model • risks and opportunities • assurance and governance • implementation • people strategy, and • communications strategy. <p>In particular, the following points arose:</p> <ol style="list-style-type: none"> 1. The 100 Day Programme had been initiated by Andrew Haines for two reasons: (i) it formed an important part of his induction and familiarisation with Network Rail, having recently joined the Company and (ii) that despite having competent and dedicated people, the performance of the Company overall was not good enough. The Board recognised and supported this need for change. 2. The Listening Programme was set up to help understand how Network Rail was viewed by employees and external stakeholders. Hundreds of colleagues met with the Chief Executive, roundtable discussions were held with trades unions, more than 200 external partners and stakeholders were interviewed, while over 100 more organisations were asked for their views. <p>The Programme highlighted some things that Network Rail does well. It also highlighted opportunities for Network Rail to improve, at both local and national levels. External stakeholders in particular were consistent in the themes they raised and there was some commonality between issues raised by internal and external participants.</p> <p>Work had already begun to address many of the issues raised. Checks would be done periodically to gauge whether things were improving.</p> <p>The Board discussed why some of the issues to be addressed had seemingly persisted for years. It was agreed that while Network Rail's structure had changed,</p>	

the culture had not, and it was the culture that needed to change for these proposals to be successful.

3. The Board understood the intent behind the proposed Vision and Values. However, the wording used needed to be refined.
4. Again, while some parts of Network Rail were putting people (customers and colleagues) at the forefront of how they worked, it was clear that not all Network Rail employees and contractors recognised the impact their actions and behaviours had on stakeholders. As part of its cultural change Network Rail would adopt a service culture, putting people at the heart of what Network Rail does. The Board discussed how this would be achieved, recognising that while there was a national element to this, there would be local differences too.

*Susan Cooklin, John Halsall, Jo Kaye, Mark Langman, Rob McIntosh,
Francis Paonessa and Jon Shaw joined the meeting*

5. The proposed new operating model had been built from the bottom up, with a focus on how Network Rail would better serve passengers and freight users.

Five Regions would support the Routes sitting below them. The Regions would access at a strategic level the expert operational and business services to support and improve regional performance and customer satisfaction. The Regions would also be the interface with the Network Functions, which would set out corporate policies, co-ordinate integration across Regions, and ensure compliance with Network Rail's Network Licence and safety obligations.

The Routes would have responsibility for delivery of the operations, maintenance and renewals activity for that geographical route. The Routes would also be responsible for day to day delivery of train performance and own the relationship with the relevant train operating companies in that area. Elements of Infrastructure Projects, System Operator, Safety Technical & Engineering, Group Digital Railway and Route Services to varying degrees would also be devolved to the Routes in a series of controlled phases.

A new Network Services Directorate would incorporate Freight and National Passenger Operators as well as elements of Group Digital Railway and certain national services. It would provide assurance for national operational performance and coordinate national programmes and capability.

Route Services Directorate would continue to provide business services that benefit from economies of scale (eg payroll) and services that support railway operations involving resources that are scarce and/or managed more efficiently at a national level.

The Board discussed how the new operating model would work for multi-route passenger train operators and freight operators.

As part of the safety validation of the proposed changes, a disposition of safety accountabilities would be prepared, showing where those accountabilities sat previously and where they migrated to in the new structure. The safety validation exercise would also be independently, externally assured.

As the new organisational design had been refined, a number of risks were identified, ownership of which was being formalised and for which mitigations were being developed. The Board discussion had highlighted some additional risks, which would be explored further.

Jo Kaye, Mark Langman, Francis Paonessa and Jon Shaw left the meeting.

Caroline
Murdoch

	<p>6. Network Rail had adopted the standard three lines of defence assurance model. The Audit & Risk Committee has been overseeing the strengthening of this assurance model. Case studies had been used to spotlight specific assurance questions, and the 100 Day Programme would be used to address those questions and further improve assurance.</p> <p>The South East Route had been developing a risk based approach to identifying critical processes, risks and mitigations. Those processes had been mapped to test the controls that were in place, providing better visibility for second and third line assurance review. This approach was being rolled out to Western and London North Western Routes as the next phase and then to be followed by other Routes in subsequent phases.</p> <p><i>Susan Cooklin, John Halsall and Rob McIntosh left the meeting.</i></p> <p>7. The Board noted the work being done to improve the executive and business performance meeting framework. A further update would be provided to the Board in due course.</p> <p>8. Running a safe railway was a fundamental principle of the 100 Day Programme. The changes were expected to be phased in from June 2019 to mid-2020. Communications would be tailored to the relevant audiences, and would focus on why the changes were being introduced. The intention to free up people to do their jobs and to drive Network Rail to become more customer/passenger focussed would be emphasised. The communications plan and narrative would be sent to the Board before the announcement.</p> <p>9. The proposed People and HR Strategies had been developed to address insights generated by the listening workshops, the HR Insight sessions and the Hackett Review. These strategies were aligned to Network Rail's strategic direction.</p> <p>10. The Board discussed the new Corporate Communications Strategy which is focussed around building trust and confidence in Network Rail and moving away from a specific focus on reputation.</p>	<p>Jeremy Westlake</p> <p>Caroline Murdoch</p>
<p>19/24</p>	<p><u>Network Rail's Vision, Purpose and Role</u></p> <p>The Board discussed the work being done to review Network Rail's Vision, Purpose and Role. Feedback from the listening and stakeholder engagement programmes had highlighted the need for clarity about what Network Rail stands for.</p> <p>Proposed Vision, Purpose and Role statements were considered. The Board discussed the extent to which the statements resonated with them, and the language used. The Board commented on matters that it felt should inform Network Rail's values.</p> <p>The Vision, Purpose and Role statements would be refined and brought back to the Board for consideration.</p>	<p>Anit Chandarana</p>
<p>19/25</p>	<p><u>Network Rail's strategy of deeper devolution</u></p> <p>Having discussed the direction and status of the 100 Day Programme, the Board considered whether pursuing a strategy of deeper devolution remained appropriate.</p> <p>The Board noted that much of the feedback from the Listening Programme was centred around the following themes:</p> <ul style="list-style-type: none"> • train performance had been declining for some years, and Network Rail was not delivering for its customers or for passengers; • on most occasions Network Rail felt too far removed from passengers and their needs; and 	

	<ul style="list-style-type: none"> • Network Rail was too bureaucratic, slow to react and inflexible. <p>In a bid to address these criticisms a number of options for the future structure of Network Rail had been considered, and a structure had been identified that would align the rail network to customers.</p> <p>Five, lean regional functions of leadership and support services would own the strategic relationship between the Network and national stakeholders. The Routes would own the customer relationships and the day-to-day relationships with the Network Rail centre and local stakeholders.</p> <p>This structure had been designed to reflect the needs of local passengers, customers, communities and economies. It would promote accountability and transparency with clarified decision making authority and responsibility. This structure would underpin the development of a devolved business within the overall national rail network, where there was one Network Licence and one Safety Certificate.</p> <p>Following this discussion, the Board AGREED that the strategy of deeper devolution, with lean regional centres supporting a number of routes, would help Network Rail to deliver the changes that were required to provide a better service for passengers, freight users, customers and other stakeholders.</p>	
19/26	<p><u>Any other business</u></p> <p>None.</p>	
<p>There being no further business the Chair closed the meeting at 16:30.</p> <p>..... Chair</p>		