

**MINUTES OF A MEETING OF THE BOARD OF
NETWORK RAIL LIMITED**
held at Romford ROC, Waterloo Road, Romford, RM7 0SX
on Tuesday 10 April 2018 from 09:00am

Present:	Sir Peter Hendy (Chair) Rob Brighthouse Richard Brown Mark Carne Sharon Flood Chris Gibb	Silla Maizey Michael O'Higgins 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 Chris Rowley (mins 18/57 & 18/58) Nick Brown (GTR) (min 18/58) John Halsall (min 18/58) Paul Harwood (min 18/58) Duncan Law (min 18/58) Andy Thomas (min 18/58)	

MINUTE NO.		ACTION
18/48	<p><u>Safety briefing</u></p> <p>The Board was briefed on the safety and emergency evacuation procedures for the Romford ROC.</p>	
18/49	<p><u>SCADA demonstration</u></p> <p>The Board received an update on SCADA and how it had been implemented across the Anglia Route.</p>	
18/50	<p><u>Chair's remarks</u></p> <p>The Chair and the Board reflected on:</p> <ul style="list-style-type: none"> • discussions with the non-executive directors of the Property Board on the future direction of Network Rail's Property function; • the first meeting of the DfT's Rail Expert Advisory Group; and • the achievement on Thameslink, where for the first time on the British mainline railway network, automatic train operation had commenced with additional trains phased in from now onwards. <p>The Board noted that the Small Talk Saves Lives campaign had won the 'Best Use of Content Marketing in a Campaign' and 'Best Social Media Campaign' awards at the Public Relations and Communications Association's Digital Awards, and congratulated the Communications directorate on this success.</p> <p>The Board noted that the number of complaints received by Network Rail had more than halved since the beginning of Control Period 5. This reflected the Company's increased and more effective use of social media to keep passengers updated on factors that may affect their journeys and the Company's increased engagement with lineside neighbours and other stakeholders, informing them of works in their area.</p>	

<p>18/51</p>	<p><u>Minutes of the previous meeting</u></p> <p>The minutes of the meeting held on 6 March 2018 were approved.</p>	
<p>18/52</p>	<p><u>Action list</u></p> <p>The Board reviewed the Action List, and clarified what it expected to see in response to action 18/29.2 relating to lessons learned from the CP5 electrification works programme. The due date for this action would be brought forward from winter to summer 2018.</p>	
<p>18/53</p>	<p><u>Directors' interests</u></p> <p>Mike Putnam had been nominated to join the Supervisory Board of Arcadis NV, subject to that company's shareholders approving his appointment. The Board AGREED that while Arcadis was a supplier to Network Rail, Mr Putnam's proposed appointment did not currently, nor was it expected to, constitute a conflict of interests, however it would be kept under review.</p>	
<p>18/54</p>	<p><u>CEO Board Report</u></p> <p>The Chief Executive reported that the engineering works carried out over Easter 2018 had gone well, particularly given the adverse weather conditions. The programme of works had included resignalling in Bristol, the biggest ever resignalling project undertaken by Network Rail. The Board expressed its thanks to all those that had been working over the public holiday weekend, and those who had been involved in the planning and preparation for that work.</p> <p>The Board discussed:</p> <ul style="list-style-type: none"> a. the recent review of NWEP4 undertaken by the Chief Executive and the Chief Financial Officer. The Board would receive further updates as the project progressed; b. the current status of the GWEP programme, c. the South Western Railways franchise commitment to run increased services, and the knock-on implications for the Wessex network as a whole; d. the progress of the 2018-19 national corporate scorecard through its formal approval process; e. the availability of project development funding in the lead-up to CP6, for projects and programmes of work to be delivered in the next control period; f. the continuing discussions between the Company and the Office of Rail and Road (ORR), whereby Network Rail was providing clarity on points arising from the ORR's review of the Company's Strategic Business Plans for CP6; and g. the success of the suicide prevention initiatives undertaken on the LNW route, and how these might be applied in other Routes. <p>The Board asked for a proposal on the most effective way for train performance to be measured, given that there was widespread concern that the current methodology was no longer fit for purpose.</p> <p>The Board also asked for a proposal, once the Crossrail and Thameslink services had been running a while, on ways of automating the delay attribution processes.</p>	<p>Andy Thomas</p> <p>Graham Hopkins / Jo Kaye</p>
<p>18/55</p>	<p><u>CFO Finance Report</u></p> <p>The Chief Financial Officer discussed with the Board:</p> <ul style="list-style-type: none"> a. the financial impact of recent severe weather across the network; b. the current status of the asset disposal programme, particularly the commercial 	

	<p>estate; and</p> <p>c. actions taken under the 'open for business' programme, which included the publication of a variety of opportunities for third party collaboration, and a scheduled 'industry day' to promote engagement with stakeholders.</p> <p>The Board would receive a presentation on AME/DEL at its June meeting.</p>	<p>Jeremy Westlake</p>
<p>18/56</p>	<p><u>Business Plan CP5 and Outlook for remainder of CP5</u></p> <p>The Board discussed paper 32/18, and agreed the key financial matters to be managed throughout the remainder of CP5.</p>	
<p>18/57</p>	<p><u>T-12 Update</u></p> <p><i>Chris Rowley joined the meeting.</i></p> <p>Paper 33/18 provided an update on the industry-wide plan to recover the position around the May 2018 timetable change.</p> <p>While the remedial work was progressing, the recovery plan was at risk due to skilled resource and capability limitations in both Network Rail and the train operating companies.</p> <p>Network Rail's recovery team continued to explore ways to reduce the impact on passengers. One possibility being explored was the early removal from the recovery plan of some train operating companies, as their passenger profile showed relatively few passengers made advance ticket bookings.</p> <p>The Board would continue to be updated on the progress of the industry-wide recovery plan, and Network Rail's role in delivering that plan.</p>	
<p>18/58</p>	<p><u>Thameslink - May 2018 timetable and operational readiness</u></p> <p><i>Nick Brown, John Halsall, Duncan Law and Andy Thomas joined the meeting.</i></p> <p>Paper 34/18 was distributed to the meeting.</p> <p>The presenters discussed with the Board the unprecedented level of industry collaboration that had taken place over the last two years to implement the new Thameslink services into operation. The incremental roll-out of services was now underway.</p> <p>The Board also noted that the introduction of the new Thameslink services had required a wholesale review of the rail timetable in the South, particularly on the Brighton main line. A post-implementation review would be undertaken to establish if and how passenger journeys / routes had changed as a result of the bringing into operation the Thameslink and Crossrail services, and whether the assumptions underlying the revised timetable remained valid.</p> <p>The Board discussed the importance of sufficient, clear communications about the introduction of new Thameslink services. Key passenger messages were to explain how their journey experience would change, particularly around timetable changes. It was also important to ensure that railway staff were well-briefed and able to respond to passenger queries.</p> <p><i>Nick Brown, John Halsall, Duncan Law, Chris Rowley and Andy Thomas left the meeting.</i></p>	

<p>18/59</p>	<p><u>Route presentation - Anglia</u></p> <p><i>Janice Crawford and Meliha Duymaz joined the meeting.</i></p> <p>The Board had reviewed paper 35/18, which provided an overview of the current status of the Anglia Route.</p> <p>The discussion covered Route safety performance, performance against the CP5 business plan, the bid for CP6 funding and the introduction of third party investment to the Route, and the key challenges currently facing the Anglia Route, including the disparity between the route performance target for 2018/19 and the aspiration of the franchise. The Board asked to be kept informed on this.</p> <p><i>Janice Crawford and Meliha Duymaz left the meeting.</i></p>	<p>Meliha Duymaz</p>
<p>18/60</p>	<p><u>Digital Railway – strategic update and DR directorate</u></p> <p><i>David Waboso joined the meeting.</i></p> <p>In discussing paper 36/18, the Board noted:</p> <ol style="list-style-type: none"> a. that while the technologies involved in the digital railway were complex, it was the development of interfaces between those technologies that was particularly challenging; b. the benefits to passengers of the digital railway were not just safety related; they included improved train performance and capacity; one-page briefs on those other benefits would be prepared; c. the wider, national social and economic benefits that were expected to flow from digitising the railway; d. the technology to be used on the digital railway was not new and had a proven track record; however, digitising the railway would require the wider railway industry to accept a different way of operating and maintaining the network; e. digitising railway signalling would take more than one control period to complete; therefore, although some people may be offered the opportunity to re-train and new entrants to the workforce would have digital skills, there would continue to be a need for a workforce with ‘pre-digital skills’ for a number of years to come; f. the vision of a digital railway would require a change to the way that Network Rail engaged with suppliers, with the Company looking to build longer-term ‘development and innovation’ relationships with suppliers; g. the funding summary page in the paper would be further developed in line with the Board’s discussion; and h. a short briefing document would be created to explain in simple terms the benefits to passengers and taxpayers as a whole of digitising the railway; this would complement the longer, more technical briefing. <p>Following this discussion, the Board reiterated its desire to see the minimum possible spent in future on conventional signals, and support for digitising the railway and creating the cultural and commercial environment within and beyond Network Rail in which this could be achieved.</p> <p><i>David Waboso left the meeting.</i></p>	<p>David Waboso</p> <p>David Waboso</p>
<p>18/61</p>	<p><u>Property strategy</u></p> <p><i>David Biggs joined the meeting.</i></p> <p>Paper 37/18 outlined the strategy and activities of Network Rail’s Property Function as it prepared for CP6.</p>	

	<p>In particular the Board discussed:</p> <ol style="list-style-type: none"> that the Property function would change its focus from disposing of non-core assets in CP5, to delivering a sustainable income model during CP6; the Property team's proven ability to deliver small to medium sized property development schemes, and the need to now develop its capability to deliver large-scale developments; the need to refine processes, thereby allowing the Property team to become more agile in pursuing development opportunities; and the need to attract more third party investment in developing the property portfolio. <p>The funding requirement to deliver the Property team's strategy (in particular, in relation to the development programme) was recognised as an area requiring further investigation and it was requested that this be discussed at the Corporate Finance Steering Board. An update would then be provided to the Board during Autumn 2018.</p> <p style="text-align: center;"><i>David Biggs left the meeting.</i></p>	David Biggs
18/62	<p><u>IP review</u></p> <p style="text-align: center;"><i>Penny McIntyre and Matt Steele joined the meeting.</i></p> <p>The Board discussed paper 38/18, which sought feedback on an outline proposal for how Network Rail planned to deliver capital projects in CP6. A key part of the proposal was to align the delivery of capital projects more closely with Network Rail's post-devolution matrix structure.</p> <p>Following contributions from every Member of the Board, it was noted that the outline proposal would be developed, and would be socialised with the Department for Transport and the ORR. The Board was particularly keen to ensure that the devolved routes were able to be wholly accountable for renewals and that they had strong sponsorship arrangements in place for projects. An updated proposal would be discussed with the Board at its meeting in May.</p> <p style="text-align: center;"><i>Penny McIntyre and Matt Steele left the meeting.</i></p>	Mark Carne / Francis Paonessa
18/63	<p><u>Treasury Committee – updated terms of reference</u></p> <p>The Board reviewed paper 39/18 and APPROVED the updated Treasury Committee Terms of Reference.</p>	
18/64	<p><u>Potential combination of Nomination and Remuneration Committees</u></p> <p>The Board noted paper 40/18, which proposed that the current Nomination and Remuneration Committees be combined into one Committee.</p> <p>The Board APPROVED the proposal to conjoin the Nomination and Remuneration Committees at an appropriate point in the cycle of those Committees' work, most likely Autumn 2018.</p>	
18/65	<p><u>Prosecution Report and Incident Map</u></p> <p>The Board noted paper 41/18.</p>	
18/66	<p><u>Company Secretary's Report</u></p> <p>The Board noted paper 42/18, in particular the Company's work ahead of the</p>	

	<p>General Data Protection Regulation coming into force from 25 May 2018.</p> <p>The Board APPROVED the addendum to the Network Rail Expenses Policy.</p> <p>The Board RATIFIED the use of the company seal as set out in the paper.</p>	
18/67	<p><u>Executive Committee and Investment Panel approvals</u></p> <p>The Board discussed paper 43/18.</p>	
18/68	<p><u>Board forward agenda</u></p> <p>The Board discussed the draft agenda for the May Board meeting.</p>	
18/69	<p><u>Pay Bands 1-4</u></p> <p>The Board discussed paper 44/18.</p>	
18/70	<p><u>Transformation in action</u></p> <p>The Board noted paper 45/18 which provided examples of transformation across the business.</p>	
18/71	<p><u>Any other business</u></p> <p>Nothing was raised under this item.</p>	

There being no further business the Chair closed the meeting at 16:15.

..... Chair