

**MINUTES OF A MEETING OF THE BOARD
OF
NETWORK RAIL LIMITED
held at Whitemoor depot, Hundred Road, March, Cambs PE15 0EN
on
Wednesday 24 February 2016 at 09:00am**

Present:

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

In attendance: Suzanne Wise – Group General Counsel & Company Secretary
 Stuart Kelly – Deputy Group General Counsel
 Anthony Odgers - Shareholder Executive
 Susan Cooklin (min 16/24)
 Jo Kaye (min 16/24, 16/25, 16/26 and 16/27)
 Paul Marshall, Charles Robarts and Clive Berrington(min 16/26 and 16/27)

**Apologies
MINUTE
NO.**

ACTION

16/18 CHAIR'S OPENING REMARKS

Jeremy Westlake was welcomed to the Board and his first meeting.

Following the delivery of the programme of works over the Christmas and New Year period the Chair reflected on how this had provided a sound backdrop for discussions with a wide range of stakeholders.

In her capacity as a Commissioner of National Infrastructure Commission, Bridget Rosewell provided the Board with an update on the Commission's role and focus.

16/19 PREVIOUS MINUTES

The minutes of the Board meeting of 20 January 2016 were approved subject to two minor amendments.

16/20 ACTION LIST

The Action list was reviewed and updated. Noting specifically:

Minute 16/09.3 – Business Plan CP5 – CP6 scheme funding

It was acknowledged that CP6 schemes required development funding within CP5. The Board discussed possible funding options that were being explored.

Minute 15/139.2 – Winter preparedness

Fuller details of the winter preparedness strategy are required to complement the detail in the notes that had been circulated up to that date.

MC (PHu)

Minute 15/141.1 – Renewal activity

It was confirmed that a third party review of the renewal proposals had been undertaken. Following receipt of the third party review and further information, the ORR was now considering any implications relating to sustainability.

Minute 15/90 – Communications strategy

This action was to be replaced with an action to provide to the Board an aide memoire of the key messages and key facts to support these messages.

MC (BW)

Minute 15/139.3 “One level down” investment decisions

The paper showing *one-level down* investment decisions was welcomed. Future papers were to include reference to investment authority requests that were anticipated.

JW (BL)

16/21 DIRECTORS’ INTEREST

Janis Kong confirmed her roles as non-executive board member of Copenhagen Airports A/S and Chairman of Bristol Airport noting that the Ontario Teachers’ Pensions Plan was a shareholder of the former and the owner of the latter.

BUSINESS OPERATIONS / STRATEGY

16/22 ROUTE PRESENTATION – LNE & EM

Rob McIntosh presented a business update on the London North Eastern & East Midland Route. As part of the discussion the role of sponsor and the development of talent were covered briefly and papers would be brought back to the Board on both topics at a later date, and would be incorporated into the Forward Agenda.

SEW (SK)

16/23 BOARD REPORT – P10

Mark Carne presented paper 11/16 the contents of which were noted; and highlighted the following matters:

Safety – the recent tragic accidents in Germany and the Netherlands were noted; as were recent serious near misses in the UK and the lessons being learnt from these. A brief update on recent infrastructure weather failures at Lamington Bridge, Dover sea wall and Hexham was provided.

Train Performance – performance was noted as struggling in LSE Route in particular. The challenges faced by Network Rail and the train operators were discussed as were the additional measures being taken. This included the direct support of the Managing Director, Network Operations England & Wales to the LSE Route. It was recognised that the railway had not become more unreliable in this route but performance was impacted by the ability to recover from any perturbation on the most congested part of the network. The challenges associated with the prospective increase in the Thameslink service and the margins for any recovery were recognised.

There had been positive performance of the Virgin Trains East Coast services and a notable improvement to First Great Western service. Scotland was also noted as performing well.

Projects – progress on GWRM was encouraging. Piling was progressing well; with progress on the test track section in particular noted as crucial and on plan.

The summit of the supply chain CEOs had been reconvened on 12 February 2016. Many suggestions for further innovations had come from this summit and positive feedback had been received universally from the attendees. Examples were shared with the Board.

Safety & Performance – The association between safety and performance was noted; as evidenced by the areas of performance improvement and the potential innovations arising out of the GWRM suppliers CEOs summit. The Board reaffirmed its belief in the strategy of safety leading performance improvement and encouraged more opportunities be created to actively demonstrate this to

stakeholders.

Manchester Piccadilly/HS2 – Mark Carne confirmed his role in chairing the planning meetings for the development of a master plan for Manchester Piccadilly, and to attract funding.

Finance Update – The finance update was noted. Further details are required in future updates to ensure that the realised efficiencies and ‘slippage’ were not conflated, by showing a whole-CP5-view in addition to a snapshot.

JW (CB)

16/24 ROUTE SERVICES – INITIAL THOUGHTS

Susan Cooklin presented paper 13/16. Having taken up the role of Route Services Director in January 2016, she shared her initial reflections and plans with the Board.

16/25 SHAW REPORT – NEXT STEPS

In weeks prior to the meeting Mark Carne, Peter Hendy and others from Network Rail had had several meetings with Nicola Shaw and her team. Mark Carne led a discussion with the Board on the likely direction of the Shaw Report and timings.

16/26 CP5 BUSINESS PLAN UPDATE

Patrick Butcher presented paper 14/16 which gave an update on the current state of the Business Plan for the remainder of CP5 and an overview of the next steps.

The Business Plan was to be presented to the DfT Board Investment & Commercial Sub Committee “BICC” on or around 1 March 2016, with the likelihood that it would then be committed back to the Board for approval on 16 March 2016.

In order to obtain further assurance, specifically as regards the level of confidence and degree of risk in the Plan, the Audit & Risk Committee was to be specially convened in the interim period together with any other members of the Board who wished to join. The Audit & Risk Committee was to then report its findings to the Board on 16 March 2016.

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The Board requested the following specific areas be reviewed:

- Years 3-5 showing an efficiency of approximately 20%. Having regard to efficiency rates that had been realised and likely rising material costs what were the confidence levels and what supported this confidence;
- Earthworks and Underbridges. Earthworks and underbridges showed a significant stepdown in renewals activity in 2018/19. Consider a 10-year plan which could be more efficient for CP6 if the planned distortions and dislocations of resources and suppliers were to be “smoothing out”; and
- Extreme events. The extent to which the risk of extreme events has been incorporated and whether, in the light of recent experiences, this needed to be reassessed.

JW

The Board discussed the handover arrangements between the outgoing Group Finance Director and the incoming Chief Financial Officer.

16/27 SCORECARD – CORPORATE AND ROUTES

Mark Carne presented paper 15/16 which gave an update on the approach being taken to use customer input to shape a greater proportion of the route based scorecards for 2016/17. This would allow customers greater influence over how route businesses deliver for customers. It being noted that the Route score cards would still be rolled up to one Corporate Score card for the whole business.

The likely timings for the approval of the scorecard were discussed. The aggregate Corporate Score Card would be brought back to the Board for approval at a

MC

subsequent meeting.

The Board strongly supported the customer engagement and involvement with the process, comments of the Board were received on the detail and would be reflected in the further development of the scorecard.

It was acknowledged that the new approach needed to deliver score cards for the Routes that were still stretching and robust.

16/28 INITIAL INDUSTRY PLAN (IIP)

Jo Kaye presented paper 16/16. The paper set out the context within which choices and options for funding were being developed. The 5 themes supporting the development of the choices and options were: (1) digital railway; (2) investment to support growth; (3) station capacity; (4) connectivity/linking communities; and (5) affordability and third party funding.

The IIP process would not replicate that of previous control periods. It would be very different and DfT had already signalled that this was to be the case.

The Board discussed issues around each of the 5 themes. The feedback from the Board was gathered. In order to remain engaged in the emerging strategy and development of the IIP, this subject would be included on the agenda for each Board meeting leading up and including the meeting in September 2016. The company secretary would work with Jo Kaye to determine how best to keep the Board updated on this important topic.

SEW(SK)/JK

16/29 NATIONAL INFRASTRUCTURE COMMISSION – DRAFT RESPONSE TO CONSULTATION DEPARTMENT

Jo Kaye presented paper 17/16. The paper set out the proposed response to the National Infrastructure Commission and National Needs Assessment consultations. Each of the Board members were to submit any written comments they had on each of the draft responses.

AUTHORITY was delegated to Jo Kaye to sign the final versions of the response documents.

APPROVALS

16/30 FTN/GMSR RE-AUTHORITY

Patrick Butcher presented paper 18/16. The Board **APPROVED** re-authority of the FTN/GSM-R Programme up to an AFC of £1,860m.

16/31 UPDATE FROM NOMINATION COMMITTEE

The Board **RATIFIED** the decision to appoint Jeremy Westlake as Director and Chief Financial Officer.

GOVERNANCE

16/32 COMMITTEE REPORTS

AUDIT & RISK COMMITTEE – 11 FEBRUARY 2016

Bridget Rosewell provided a brief note from the Audit and Risk Committee meeting on the 11 February 2016 which was taken as read.

SHE COMMITTEE – 23 FEBRUARY 2016

Malcolm Brinded provided a verbal update on the SHE Committee which took place on 23 February 2016.

16/33 COMPANY SECRETARY'S REPORT

Paper 19/16 was noted.

The Board:

- **NOTED** the change to the Network Rail corporate structure;
- **NOTED** the new Subsidiary Company Appointments policy;
- **APPROVED** the Network Rail Infrastructure Limited Power of Attorney in favour of Jeremy Westlake and revoked the previous one in favour of Patrick Butcher.
- **RATIFIED** the incorporation of a new subsidiary company;
- **RATIFIED** the sealing register

16/34 BOARD FORWARD AGENDA

The March Board agenda was discussed.

16/35 DATE OF NEXT MEETING

The next Board meeting was confirmed for 16 March 2016.

16/36 ANY OTHER BUSINESS

This being Patrick Butcher's last Board meeting the Chair thanked him for all he has done for the Company and wished him well in his new role.

There being no further business the Chair closed the meeting.

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CHAIR