

**MINUTES OF A MEETING OF THE BOARD  
OF  
NETWORK RAIL LIMITED  
held at Baskerville House, Centenary Square, Broad Street, Birmingham  
on  
Thursday 26 January 2017 from 10:00am**

**Present:** Sir Peter Hendy (Chair) Chris Gibb  
Rob Brighthouse Silla Maizey  
Richard Brown Michael O'Higgins  
Mark Carne Bridget Rosewell  
Sharon Flood Jeremy Westlake

**In attendance:** Suzanne Wise – Group General Counsel & Company Secretary  
Stuart Kelly – Deputy Group General Counsel  
Anthony Odgers - UKGI observer  
Francis Paonessa (mins 17/05, 17/12)  
Neil Thompson (min 17/05)  
David Waboso (min 17/06)  
Martin Frobisher (min 17/07)  
Robbie Burns (min 17/11)  
Matt Steele (min 17/11)

**Apologies:** John Mogford

**MINUTE  
NO.**

**ACTION**

**17/01 CHAIR'S REMARKS**

Anthony Odgers, who attended Board meeting as a UKGI observer, was congratulated on his appointment as Chief Financial Officer at University of Cambridge which he was due to take up in May 2017. The Chair thanked Anthony for his helpful and valuable contributions at Board meetings.

The engineering works that had occurred over the Christmas and New Year 2016/17 period had been delivered successfully. This was covered in more detail by Mark Carne in his CEO report and by Francis Paonessa later in the meeting.

The evening before the meeting the Board had hosted an event with the non-executive directors of the Network Rail property supervisory board. It was agreed that, when the opportunity presented itself, the directors should be introduced to the Secretary of State for Transport.

Mark Carne had given evidence to the Public Account Committee on 14 December 2016 about the Great Western route modification programme.

Prior to the meeting, the Board had been updated on the changes in the Scotland Route. Alex Hynes was to be appointed as the Managing Director of the ScotRail Alliance, replacing Phil Verster who had moved to be Managing Director of the East West Rail project. The Board commended Phil Verster for his vigour and dedication, and the significant contribution that he had made to the ScotRail Alliance.

The Board noted that the National Infrastructure Commission, which had been operating in interim form since October 2015, had been established permanently as an Executive Agency of HM Treasury on 24 January 2017.

The Board welcomed the fact that the children's charity Barnardo's had been chosen by Network Rail's employees as their 'Charity of Choice' until March 2019.

The Chair then referenced the work undertaken by Chris Gibb as Chair of the Southern Rail Network Performance Improvement Board.

It was agreed that a way needed to be found to share the detailed learnings from the review throughout all NR Routes (once these were made available); that the Network Rail would continue to pursue a strategy to strengthen the role as the system operator, in particular in relation to operational franchising commitments; and that the RMDs should be in a position to replicate the kind of review undertaken by Chris Gibb on their own Routes.

**17/02 PREVIOUS MINUTES**

The minutes of the meeting of 23 November 2016 were approved.

**17/03 ACTION LIST**

The Action list was reviewed.

Actions 16/153, 16/158.3, 16/137.1 and 16/137.3 were closed. Other due actions had been included on the agenda.

**17/04 DIRECTORS' INTERESTS**

Rob Brighthouse confirmed his appointment as Chair of the shadow East West Rail company.

Chris Gibb confirmed his appointment as Chair of the Thameslink 2018 Industry Readiness Board.

**BUSINESS OPERATIONS**

**17/05 BOARD REPORT – P10**

Mark Carne presented the Period 10 Board report.

Christmas and New Year works and Safety

Mark Carne praised the thousands of Network Rail and contractor staff who had delivered the biggest ever programme of Christmas and New Year engineering works. The delivery had been exceptionally challenging but ultimately had been successful. Safety performance had been twice as good as other bank holidays, which had been gratifying, although there had been a couple of serious near misses which were being investigated.

Southern Route

Since the last Board meeting the Department for Transport had secured £250m, to add to £50m from Network Rail, to spend in CP5 on resilience upgrades along the Thameslink route.

Strike action had continued to adversely affect services of the GTR franchise and had also impacted others. The effect on passengers' lives had been severe and widely covered in the media. During this disruption Network Rail had been continuing to build resilience in the network. The new leadership team in the South East Route were working well with their counterparts at GTR.

Scotland

The Board was provided with a further verbal update on the ScotRail Alliance. The Board discussed the support that Alex Hynes would require in his new role.

Performance

Train performance in LNW, Scotland and LNE & EM routes all showed positive trends. Lean improvements and a relentless focus on the basics were proving a key contributor, but more was needed to make the improvements sustainable and realise improvements in the other routes.

Devolution – Executive

The new executive meeting structure, with the addition of a Strategic ExcomPlus each Period was explained to the Board. This would allow the Route Managing Directors and the Executive to dedicate more time to working together on the “must win” topics and CP6 planning. It was felt, generally, that the whole devolution process was beginning to deliver improvements. The Board felt that it would benefit from an update every four weeks or so, of the benefits of devolution to include examples of improved efficiency, financial control and devolved performance. This would assist the Board in their engagement meetings with key stakeholders.

**MC  
(Barney  
Wyld)**

#### Employee relations

The Board was also provided with an update on the pay negotiations with the trades unions.

#### Asset Sales

The Board was briefed on the progress of arrangements for property asset sales..

#### Programme updates

The CP5 portfolio was progressing on schedule and within the overall funds. The Enhancements Improvement Plan was in a satisfactory position.

The Board noted that a more detailed paper would be provided to the next Board meeting dealing with programme AFCs (including scope movements from CP5 to CP6) and the main drivers for any changes.

**JW**

#### Financial report (including CP5 Business Plan update)

The Financial Report was **NOTED**.

Financial performance, compared to Business Plan, had improved. Network Rail awaited confirmation of funding and would not make commitments beyond confirmed funding limits.

#### Report on Christmas/New Year Works

Francis Paonessa presented a review of the engineering work performed over the Christmas and New Year 2016/17 period. Network Rail and its suppliers delivered an enormous programme of engineering work. Over 24,000 people had delivered more than £100m work across 200 different projects. This included major enhancements, core renewals and maintenance activity. Overall the engineering works were considered a big success.

The overall safety record was better than the moving annual average at that time but there had been a few incidents and these were being investigated.

Across the 1000 possessions of the railway that had been taken, 98.5% were handed back without impacting passengers or freight. There were, however, three incidents that caused significant delays to services.

The Board was briefed on the project highlights from each of the delivery organisations across the country.

The Board commended the contribution from all those involved in the successful delivery of the engineering works that had been performed during challenging and changing weather conditions.

#### Enhancement Programme – Hendy Review Update

Neil Thompson presented a review of the enhancement investment portfolio.

Cash forecast for CP5 remained unchanged.

The improvements in the risk and assurance processes were presented. The introduction of the peer review process (based on the OGC model) had proved

effective. The findings of the peer reviews corroborated the periodic reporting.

The Board asked for reporting that would capture further detail of any CP5 projects.

In addition further detail would be provided of the steps that had been or were being taken to improve the status of those Schemes flagged in the tabled report

**MC**  
**(Francis**  
**Paonessa)**

#### **17/06 ORBIS PROGRAMME UPDATE**

David Waboso and Tim Coucher presented paper 01/17.

The Board was taken through the programme's objectives, the delivery status, benefits realised and the engagement and transition steps that were planned for the programme. In particular it was noted that one of the key ORBIS benefits was capex avoided, the fact that the business no longer needed to carry out certain works, due to better quality asset data and information leading to more specific and focused decisions.

#### **STRATEGIC THEMES**

#### **17/07 ROUTE PRESENTATION – LONDON NORTH WEST (LNW)**

Martin Frobisher presented paper 02/17. The Board was briefed on the safety, train and financial performance of the LNW route. The strategy and challenges for each of these aspects were discussed.

The Board welcomed the strong train performance of the LNW route and the role that continuous improvement techniques had played in its delivery. The Board also noted the positive impact of devolution in practice and improved workforce safety performance.

The positive relationships that had been generated by the LNW route with train operators were also welcomed by the Board. The importance of sharing best practice across all the Routes was emphasised and it was explained that forums in the business meeting framework provided ample opportunity to do this.

#### **17/08 IIA AND CP6 NR PLAN – UPDATE FROM BUSINESS PLAN COMMITTEE**

Jeremy Westlake presented paper 03/17.

The Board members were thanked for their support of the Business Plan Committee.

This paper provided an update from this sub-committee of the Board and the progress that had been made in developing Network Rail's CP6 input into RDG's Initial Industry Advice, which was due to be sent to the DfT at the end of the month. The observations for the Board were solicited.

#### **17/09 PR18 CHARGES AND INCENTIVES**

Jeremy Westlake presented paper 04/17. The ORR had published a consultation on charges and contractual incentives on 15 December 2016. The closing date for the consultation was 9 March 2017. The paper considered the key points of a response.

The Board's feedback on the approach and high-level response was gathered.

The Board **DELEGATED** authority to approve the final response to the Chief Financial Officer subject to it first being referred to the Executive Committee for final comment.

#### **APPROVALS**

**17/10 PROJECT WREN – PROJECT CLOSURE & NEXT STEPS**

Jeremy Westlake presented paper 05/17.

The Board:

**NOTED** the status of Project Wren;  
**AGREED** that Project Wren cannot deliver a disposal for the grounds set out in the paper;  
**AGREED** the proposal for management of the light maintenance depot portfolio;  
and  
**NOTED** the likelihood of Executive sponsor change.

**17/11 CROSSRAIL INVESTMENT AUTHORITY**

Robbie Burns and Matt Steele presented paper 06/17.

The Board:

- **AUTHORISED** an additional sum for the Crossrail Programme for On Network Works,;
- **DELEGATED** authority to Investment Panel for approval of additional variations to the Crossrail scope of work SUBJECT TO the funding source having been agreed beforehand with the DfT at Portfolio Board;
- **AUTHORISED** acceleration costs associated with Western Outer Electrification delivered by the Crossrail Programme team; and
- **DELEGATED** authority to the Chief Financial Officer in relation to making necessary contracting arrangements within the scope of matters authorised at this meeting for this matter.

**17/12 THAMESLINK LONDON BRIDGE SIGNALLING WORKS – REQUEST FOR CONTRACT CHANGE THRESHOLD INCREASE & AUTHORITY TO VARY**

Francis Paonessa presented paper 07/17.

The Board:

- **AUTHORISED** the increase to the contract change threshold;
- **DELEGATED** authority to the Chief Financial Officer to vary the contract up to the contract change threshold as described in the paper.

**GOVERNANCE**

**17/13 PROSECUTION REPORT AND INCIDENT MAP**

The Board **NOTED** paper 08/17 which provided an update on health, safety and environment incidents that gave rise to the likelihood or actuality of prosecutions.

**17/14 EXECUTIVE COMMITTEE, INVESTMENT PANEL AND PROCUREMENT EXECUTIVE PANEL APPROVALS**

The Board **NOTED** the update on investment schemes and procurement matters that had been approved by the Executive Committee, Investment Panel or Procurement Executive Panels up to end November 2016.

**17/15 BOARD FORWARD AGENDA**

The proposed February 2017 Board agenda was discussed.

**17/16 DATE OF NEXT MEETING**

The next Board meeting was confirmed for 22 February 2017 in Basingstoke.

**17/17 ANY OTHER BUSINESS**

The Board received an update on the Route Transformation programme and progress, in particular on route integration.

**FOR NOTING**

**17/18 DRAFT RESPONSE TO THE NATIONAL INFRASTRUCTURE COMMISSION'S LATEST ROUND OF QUESTIONS**

The Board **NOTED** the proposed response to the National Infrastructure Commission "call for evidence" on its National Infrastructure Assessment. Board members were invited to provide and further comments by Monday 30 January 2017.

**17/19 CUMULO RATES**

The Board **NOTED** the impact of the April 2017 rating revaluation of Cumulo Rates.

**17/20 GIBB REVIEW EXPECTATIONS**

The Board **NOTED** the anticipated key recommendations of the Gibb Review.

There being no further business the Chair closed the meeting.

..... CHAIR