

**MINUTES OF A MEETING OF THE BOARD
OF
NETWORK RAIL LIMITED**
held at 151 St Vincent Street, Glasgow G2 5NW
on
Wednesday 19 July 2017 from 09:00am

Present:	Sir Peter Hendy (Chair) Rob Brighthouse Richard Brown Mark Carne Sharon Flood	Chris Gibb Silla Maizey Michael O’Higgins (part only) Bridget Rosewell Jeremy Westlake
In attendance:	Stuart Kelly – Group General Counsel & Company Secretary Helen Martin – Senior Assistant Company Secretary Michael Harrison – UKGI observer Graeme Baillie (min 17/116 only) David Waboso (min 17/125 only) (by phone) Nigel Ash (min 17/126 only) Karl Budge (min 17/127 only) Alex Hynes (min 17/127 only) Alexia Course (min 17/128 only) James Jackson (min 17/128 only) Ian Icceton (min 17/129 only) Kathryn Rutter (min 17/129 only) Garry White (min 17/130 only) Charles Robarts (min 17/131 only) (by phone) Peter Swatridge (min 17/131 only) (by phone)	
MINUTE NO.		ACTION
17/116	<p><u>Safety Briefing</u></p> <p>Graeme Baillie, Workforce Health Safety Environment Advisor, discussed with the Board his work on promoting a safety culture and safety leadership within the Scotland route.</p>	
17/117	<p><u>Chair’s Remarks</u></p> <p>The Board had previously discussed the Statement of Funds Available, the High Level Output Specification and the Business Plan for CP6.</p> <p>The Board discussed:</p> <ul style="list-style-type: none"> • the publication of the Gibb Report titled “Changes to improve the performance of the Southern network and train services, and restore passenger confidence”; and • progress on the key 2018 outputs for Thameslink. <p>The Board was updated on the rail-related work of the National Infrastructure Commission.</p>	
17/118	<p><u>Minutes of the previous meeting</u></p> <p>Subject to a number of minor amendments, the minutes of the meeting held on 21 June 2017 were approved.</p>	

17/119	<p><u>Action List</u></p> <p>The action list was discussed, and a number of items closed.</p> <p><u>Action 17/100 - FNPO</u> The Board noted that initiatives to increase rail freight would not generate sufficient revenue to offset the loss of revenue from transporting coal by rail. The Board asked for a paper addressing:</p> <ul style="list-style-type: none"> • potential cost savings and efficiencies that could help mitigate this impact, with delivery milestones and timescales; • the potential changes to the network maintenance regime to reflect the reduced number of heavy coal freight trains using the network; and • looked forward to an analysis of costs and income by sector. <p><u>Action 17/98.2 – London Waterloo</u> A short briefing note would be sent to directors summarising the benefits of the works being undertaken at London Waterloo during August. Those benefits included longer platforms for longer trains, thereby increasing capacity for travelling passengers.</p> <p><u>Action 17/86 – Solum joint venture</u> The Board asked for a summary of the process and criteria for determining which development partner would be used for specific property development opportunities.</p> <p><u>Action 17/82 – early cost estimates for projects</u> The Board asked for more information, by project, on the nature of the engagement with relevant stakeholders and any key issues the board should be aware of.</p>	<p>MC (PMcM)</p> <p>MC (BW)</p> <p>JW (DB)</p> <p>MC (JK)</p>
17/120	<p><u>Directors' Interests</u></p> <p>The Secretary of State for Transport had appointed Richard Brown as a director of Network Rail for another year.</p> <p>Sir Peter Hendy had been appointed as chair of the London Legacy Development Corporation.</p>	
17/121	<p><u>CP5 Business Plan Approval</u></p> <p>The Board discussed paper 75/17, which sought agreement of the updated CP5 Business Plan following re-forecast 2.</p> <p>The executive management explained how matters were being tracked to provide assurance of the delivery of the 2017 business plan. The asset disposals programme was monitored by the Property Supervisory Board and the efficiencies programme was subject to a cost control process. Contingency plans were in place. The Board were to receive periodic updates tracking progress against the Plan.</p> <p>The Board APPROVED the latest Business Plan for the remainder of CP5.</p>	
17/122	<p><u>DfT & NR Funding for the Crossrail Programme for additional scope variations</u></p> <p>Paper 76/17 sought approval of additional variations to the Crossrail Programme scope of works, specifically enhanced station designs.</p> <p>After detailed discussion the Board APPROVED the additional variations subject to the required funding being in place before any contract commitments were made.</p>	
17/123	<p><u>Delegation of Authorities Policy</u></p> <p>Paper 77/17 sought the Board's approval of the updated Delegation of Authorities</p>	

	<p>Policy.</p> <p>The Board noted:</p> <ul style="list-style-type: none"> • that the changes were primarily ‘housekeeping’ in nature, but also codified, where appropriate, custom and practice; and • the work being done to help employees to understand their role and accountabilities pursuant to the Policy. <p>Responding to a query from the Board, management confirmed that sub-delegations of authority to support devolution were in place at the level below the primary levels covered by the policy.</p> <p>The Board APPROVED the updated Delegation of Authorities Policy as presented to the meeting.</p>	
<p>17/124</p>	<p><u>CEO Report, Board Report, CFO Report, Finance Report</u></p> <p>1. <u>CEO Board Report</u></p> <p>The Board was saddened to hear of the death of a 10 year old boy after he came into contact with live OLE in a freight yard not managed by Network Rail. Network Rail was working with freight operators to consider what measures might be appropriate and feasible in such locations.</p> <p>The Board noted with pleasure the innovative commercial agreement with Resonate to provide traffic management on the Western Route.</p> <p>The Board congratulated Graham Hopkins on the creation of a partnership between the rail supply industry and a consortium of eight universities, which had secured funding for research that would help the UK be established as a world-leading centre of railway excellence.</p> <p>The Board would receive a detailed briefing on the GWEP project at its September 2017 meeting. That briefing would include the results of an efficiencies review that was currently underway.</p> <p>The August 2017 bank holiday programme of works would be the largest undertaken over an August bank holiday weekend, with works at London Bridge and Charing Cross, as well as the major works at London Waterloo and London Euston. No work had been planned on parts of the network connecting with airports.</p> <p>The Board requested an update on NR’s contingency planning arrangements.</p> <p>The national balanced scorecard was being reviewed to eliminate some unintended anomalies that had become apparent as a consequence of route devolution. The revised scorecard would be tested against P3 results, and would be brought back to the Board for formal adoption.</p> <p>The Board sought reassurance that before seeking approval for additional project funding, management had exhausted all opportunities to exploit cost savings and efficiencies. This was embedded as part of the process leading up to submissions to the Portfolio Board but would be more explicitly detailed as a mandatory action in those submissions.</p> <p>The Board asked that the update on enhancements reflect more prominently changes since the last update.</p> <p>The Board was pleased to note that as part of the Planning and Delivering Safe Work programme, Standard 019 had “gone live”. The revised Standard focused on improving workforce safety by making one person in charge of worksites.</p>	<p>MC (FP)</p> <p>MC (PHu)</p> <p>JW</p>

	<p>Work was being done to develop technology to further support Standard 019.</p> <p>The Board commended the work being done in the Routes to more rigorously manage elements of contingency in project budgets.</p> <p>A paper would be presented to the Board later in the year to explain the evolving performance and future of the track renewal High Output system.</p>	<p>MC (FP)</p>
<p>17/125</p>	<p><u>Digital Railway Programme Update</u></p> <p><i>David Waboso joined the meeting.</i></p> <p>The Board had a detailed discussion on paper 78/17, which provided an update on the Digital Railway Programme.</p> <p>The Board considered that good progress had been made on this programme. A comprehensive plan was in place to apply digital solutions to the challenges facing many routes, ranging from traffic management and driver advisory systems through to full ETCS implementation. Funds had been drawn down to facilitate the first tranche of enabling work.</p> <p>The Board discussed funding and financing for the Programme for CP6 and CP7.</p> <p>The Board questioned management on the financing methods that were being considered for train borne equipment.</p> <p>Responding to a question from the Board, David Waboso confirmed that the ‘avoided’ cost of resignalling works had been included in the business cases. ‘Business cases on a page’ for the five schemes to be developed initially would be circulated to the Board.</p> <p>The Board noted that in CP6 a decision-point would be reached on ceasing conventional re-signalling in preference for maintaining the asset pending the implementation of digital signalling solutions.</p> <p>The Board welcomed the very positive ‘early contractor involvement’ on this programme, as well as the constructive engagement with the Trades Unions.</p> <p>The Board commended David Waboso and his team on progress to date.</p> <p><i>David Waboso left the meeting.</i></p>	<p>MC (DW)</p>
<p>17/126</p>	<p><u>Network Rail Consulting - overview</u></p> <p><i>Nigel Ash joined the meeting.</i></p> <p>The Board was updated on the current status and future plans of Network Rail Consulting (NRC). It welcomed the progress made.</p> <p>Following discussion the Board AGREED that ways to continue to grow NRC’s business should be explored.</p> <p><i>Nigel Ash left the meeting.</i></p>	
<p>17/127</p>	<p><u>Route presentation – Scotland</u></p> <p><i>Karl Budge and Alex Hynes joined the meeting.</i></p>	

	<p>Alex Hynes, having been MD of the ScotRail Alliance for just six weeks, discussed with the Board his initial impressions of the railway in Scotland, and his immediate priorities.</p> <p>In particular, discussions centred on:</p> <ul style="list-style-type: none"> • different challenges and opportunities for the railway across the Route, and the benefits of developing a clearer understanding of, and establishing closer working relationships with, local stakeholders; • the strategy to support retail opportunities at stations, having secured a commitment to deliver smart ticketing; and • the extent to which the closure of coal-fired power stations had impacted rail freight tonnage in Scotland, and the actions that were being taken to mitigate the associated loss of revenue. <p><i>Karl Budge and Alex Hynes left the meeting.</i></p>	
<p>17/128</p>	<p><u>Wales & Borders: future transfer of assets</u></p> <p><i>Alexia Course and James Jackson joined the meeting.</i></p> <p>With reference to paper 81/17, the Board discussed in detail the status of the Wales & Borders refranchising programme, including the strategic positions for the Valley Lines.</p> <p>The Board commended the team on the progress made since the last update in April 2017, and welcomed this example of route devolution within Network Rail</p> <p><i>Alexia Course and James Jackson left the meeting.</i></p>	
<p>17/129</p>	<p><u>Transformation and Efficiency Review</u></p> <p><i>Ian Icceton and Kathryn Rutter joined the meeting.</i></p> <p>Paper 82/17 set out the initial remit and priorities for the Group Transformation & Efficiency Director.</p> <p>The Board discussed the six specific areas within scope, but focused primarily on the efficiency programme and the transformation plan.</p> <p>In terms of transformation, plans were in place or being developed covering Infrastructure Projects, the Routes and Route Services, amongst other business units. However, those plans were dependent upon other work being done around the business.</p> <p>Better Every Day was gathering pace across the business, with people now actively sharing ideas and experiences.</p> <p>To help embed Better Every Day within the culture of NR, in the same way that safety leadership was becoming embedded, the selection and recruitment process now demanded evidence that candidates had a cost conscious and LEAN mindset.</p> <p>The Board challenged management on how it was measuring and assuring delivery of both the efficiency programme and transformation plan. Management confirmed that each initiative had been quantified financially and had an owner accountable for delivery.</p> <p>An audit of the initiatives was underway to test the robustness of the delivery plan and efficiencies to be delivered, and to ensure that there was consistency in reporting and categorisation, and no 'double-counting'.</p> <p>Updates on performance were presented to the Executive Committee and were to be</p>	

	<p>reported to the Board. Directors were invited to visit the control room to see first-hand how progress against efficiency and transformation initiatives was being tracked and monitored.</p> <p>The Board would discuss delivery, measurement and assurance of these programmes in due course.</p> <p><i>Ian Icceton, Kathryn Rutter and Michael O'Higgins left the meeting.</i></p>	MC (II)
17/130	<p><u>NR's priority outcomes from Brexit negotiations</u></p> <p><i>Garry White joined the meeting.</i></p> <p>The Board discussed paper 83/17 which set out NR's priorities in the context of Brexit and sought comments on NR's positions.</p> <p><i>Garry White left the meeting.</i></p>	
17/131	<p><u>Office of Rail and Road (ORR) Conclusions on CP6 charges</u></p> <p><i>Charles Robarts and Peter Swatridge joined the meeting.</i></p> <p>Paper 84/17 commented on the ORR's conclusions on CP6 charges and incentives and highlighted three areas of particular concern to NR.</p> <p>Following discussion the Board AGREED the proposed next steps as set out in the paper.</p> <p><i>Charles Robarts and Peter Swatridge left the meeting.</i></p>	
17/132	<p><u>Proposal to refresh Network Licence</u></p> <p>Paper 85/17 sought the Board's agreement to the proposed review and refresh of the Network Licence.</p> <p>The Board noted the proposed substantive areas for update and the drafting improvements, and AGREED that a full review of the Network Licence should be undertaken in conjunction with the ORR.</p>	
17/133	<p><u>Prosecution Report & Incident Map</u></p> <p>The Board noted paper 86/17.</p>	
17/134	<p><u>Executive Committee & Panel Approvals</u></p> <p>The Board discussed the contents of paper 87/17.</p>	
17/135	<p><u>Board forward agenda – September</u></p> <p>The Board noted the draft agenda for its September meeting.</p>	
17/136	<p><u>Euston Station – appointment of development partner</u></p> <p>Paper 88/17 was discussed by the Board.</p>	
17/137	<p><u>Transformation in action – examples from across NR</u></p> <p>Paper 89/17 was discussed by the Board. This paper would in future be presented as a periodic newsletter and circulated more widely than it currently was. The Board would be made aware of the wider circulation list.</p>	MC (BW)

17/138	<p><u>Date of next meeting</u></p> <p>The next scheduled Board meeting was on 21 September 2017 in York.</p>	
17/139	<p><u>Any Other Business</u></p> <ol style="list-style-type: none"> 1. <u>Remuneration Committee – 10 July 2017 - update</u> The Board noted the status of Network Rail's performance related pay proposals as pending decision. 2. <u>SOFA publication</u> During the meeting the DfT had published the Statement of Funds Available. This would be discussed at the Board's meeting in September. 3. <u>NAO Report on Sheffield Tram Train</u> The Board noted that the National Audit Office had published its review into the Sheffield to Rotherham tram-train pilot. 	MC (JK)

There being no further business the Chair closed the meeting at 15:30.

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Chair