

**MINUTES OF A MEETING OF THE BOARD OF
NETWORK RAIL LIMITED**
held at Waterloo General Office, Waterloo Station, London SE1 8SW
on Thursday 12 July 2018 from 11:00am

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| Present: | Sir Peter Hendy (Chair) Rob Brighthouse Richard Brown Mark Carne Chris Gibb Silla Maizey | David Noyes 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 Paul McMahon (min 18/126) Helen McAllister (min 18/128) Jon Shaw (min 18/128) Matt Steele (min 18/128) | Richard Smith (min 18/129) Charles Robarts (min 18/130) Simon Blanchflower (min 18/131) |
| Apologies: | Sharon Flood | |

| MINUTE NO. | | ACTION |
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| 18/120 | <p><u>Safety Stand Down</u></p> <p>In line with Network Rail as a whole, the Board took part in a Safety Stand Down. The focus was on encouraging a culture of personal risk assessment, intervention and challenge where people saw unsafe practices or behaviour. This Safety Stand Down was a direct response to the tragic death of Matthew at Bearsden Station which had been reported to the Board in June 2018.</p> <p>Following the discussion, each of those present signed their commitment to:</p> <ul style="list-style-type: none"> • Always use the handrail on stairs/steps with handrails • Always intervene if they saw someone not holding the handrail • Watch out for hazards in any task • Use safe systems even when activities were considered ordinary • Act safely both at work and at home. | |
| 18/121 | <p><u>Safety briefing</u></p> <p>The Board was briefed on the safety and emergency evacuation procedures for Waterloo General Office.</p> | |
| 18/122 | <p><u>Chair's remarks</u></p> <p>The Chair welcomed David Noyes to the Board confirming that his appointment as a non-executive director had now been formalised.</p> <p>The Chair also noted that this would be the last Board meeting for both Michael O'Higgins and Mark Carne, prior to their retirements from the Board.</p> <p>The Board noted that Waterloo Station had celebrated its 170th birthday on 11 July, and commended the celebrations laid on at the Station.</p> | |

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| | <p>The Board reflected on the recent attendance at Transport Select Committee meetings by Martin Frobisher, Chris Gibb, John Halsall and Jo Kaye, and commended their contributions.</p> | |
| 18/123 | <p><u>Minutes of the previous meeting</u></p> <p>Subject to some amendments being made, the minutes of the meeting held on 27 June 2018 were approved.</p> | |
| 18/124 | <p><u>Action list</u></p> <p>The Board reviewed the action list.</p> <p>The Board discussed the update on the National SCADA Programme – Traction Power Centralised Management System project. The Board welcomed the paper, and asked for further information on the wider cost and efficiency benefits of the system beyond the provision of a national solution to manage the national railway electrical control network.</p> <p>The Board noted the draft roll-out plan and asked how certain management was that the draft plan would be achieved. Further detail on this would be provided to the Board.</p> | <p>Mark Carne</p> <p>Jeremy Westlake</p> |
| 18/125 | <p><u>Directors' interests</u></p> <p>Chris Gibb stated that, as previously disclosed, he continued to work for GTR on timetable related planning at the request of the Secretary of State.</p> <p>Further, Chris Gibb disclosed, pursuant to the Panel Approvals paper to be noted by the Board later in the meeting, that he was a member of Harbury Parish Council.</p> | |
| 18/126 | <p><u>CEO Board Report</u></p> <p><i>Paul McMahon joined the meeting.</i></p> <p>The Board discussed the status of and progress with the December 2018 timetabling preparation, and in particular Network Rail's engagement with train operating companies on this.</p> <p>Three options had been considered for the December 2018 timetable, and a recommendation had been made to the Department for Transport by Andrew Haines in his personal capacity prior to him taking up his post with Network Rail, which had now been accepted and which was announced on 9 July.</p> <p>Consideration was also being given to the May 2019 timetable, which was anticipated to involve large scale change, looking at readiness and assurance as well as prioritising what could be implemented in a safe and sustainable way.</p> <p>NR was formalising and strengthening the programme management office (PMO) for timetabling. One facet of the PMO's work would be the collation of all the train operating companies' (TOC) stated readiness for the new timetables in terms of completed driver training, numbers of drivers with current and suitable route knowledge, agreed driver rostering and rolling stock readiness for service. However, NR could not validate and assure the TOCs' planning and staff negotiations, which needed to be done by an independent third party.</p> <p>The Board also noted the need for Network Rail to input not only the practical completion of infrastructure works but also a realistic date for them to enter routine service.</p> | |

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| | <p>The Board asked to see an accountability matrix, signed up to by all relevant stakeholders and the PMO, confirming who was accountable for delivering what, by when.</p> <p>The Board also asked for confirmation of the PMO's accountabilities, and the governance supporting the PMO's activities.</p> <p style="text-align: center;"><i>Paul McMahon left the meeting.</i></p> <p>The Board discussed the potential commercial implications of the timetable issues. There are Network Rail specific and industry level effects. Network Rail specific implications have been planned into the updated CP5 business plan. Network Rail is working with the Department for Transport to resolve industry level issues in a constructive manner to ensure impacts on passengers and operators are appropriately informed.</p> <p>The Board noted that there were a number of blockades in the coming weeks and months, the most significant of which were the blockades in Oxford, Liverpool, Derby and Bristol. It was assured that these were on target for right-time hand back.</p> <p>The Board asked for a presentation on the lessons learned from projects to implement traffic management systems, perhaps comparing and contrasting case studies of Cardiff, Didcot and Romford.</p> <p>The Board was delighted to hear that London Bridge Station had won the overall prize in the New London awards 2018.</p> | <p>Paul McMahon</p> <p>Paul McMahon</p> <p>David Waboso</p> |
| <p>18/127</p> | <p><u>CFO Finance Report</u></p> <p>The Board discussed:</p> <ul style="list-style-type: none"> • the progress and next steps on the disposal of the commercial estate; and • the proposed merger between Siemens and Alstom. | |
| <p>18/128</p> | <p><u>NR's electrification strategy: future demand, technology, changes and building on lessons learned from CP5</u></p> <p style="text-align: center;"><i>Helen McAllister, Jon Shaw and Matt Steele joined the meeting.</i></p> <p>The Board discussed paper 78/18 which described the key lessons from Network Rail's CP5 electrification programme and the future market for electrification.</p> <p>The Board noted the key lessons learned from electrification works in CP5, namely that:</p> <ol style="list-style-type: none"> i. many projects were not fully costed at the time of the CP5 Final Determination, so some estimates were not sufficiently certain, while other elements of the required work had been excluded; ii. the unit rates for delivering electrification varied widely across the country, although the more recent projects had achieved greater certainty on delivery; iii. virtually all the projects reviewed had required a larger than anticipated amount of enabling work prior to the OLE works, which drove up costs; iv. in some instances the poor classification of risk had led to the works being 'over-designed' and therefore larger and more costly; v. it was vital to devote sufficient time and money to preparatory works and planning, including securing the right amount and types of track access. <p>In terms of the future for electrification, the Board noted that NR would work with industry to in regard of future traction strategies.</p> | |

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| | <p><i>Helen McAllister, Jon Shaw and Matt Steele joined the meeting.</i></p> | Jon Shaw |
| 18/129 | <p><u>Japanese Knotweed</u></p> <p><i>Richard Smith joined the meeting.</i></p> <p>The Board noted paper 79/18 which addressed the recent Court of Appeal decision in the case of Williams & Waistell v Network Rail, and discussed the implications.</p> <p>Published guidance from the Royal Institute of Chartered Surveyors (RICS) had suggested that Japanese Knotweed had the potential to cause structural damage to buildings. However, a recent study by AECOM with the University of Leeds had found nothing to suggest that Japanese Knotweed caused significant structural damage and that current views were “out of proportion to the risk” posed by this plant. Network Rail would press for the RICS’ guidance to be updated accordingly.</p> <p><i>Richard Smith left the meeting.</i></p> | Stuart Kelly |
| 18/130 | <p><u>Draft Determination (corporate and route) – response points and next steps</u></p> <p><i>Charles Robarts joined the meeting.</i></p> <p>The Board noted paper 80/18, which provided an update on NR’s response to the ORR’s Draft Determination insofar as it related to England and Wales.</p> <p>The ORR considered that the proposed level of expenditure on renewal activity did not accord with its assessment of what would be required to support the sustainability of the network assets. In the draft determination the ORR had expressed the view that NR ought to spend an additional circa £1bn on renewals in CP6, with such funding being ascertained from within NR’s Strategic Business Plan funding envelope. NR would report to the ORR with a prioritised list of how any such additional sums would be expended. In line with these observations NR was reviewing its proposed level of achievable efficiencies in CP6.</p> <p>NR was also reviewing its proposed CP6 expenditure on research and development, having acknowledged that the clarity of its original submission to the ORR could be improved, in order to make a more compelling case.</p> <p>The Board provided feedback on the draft letter to the ORR and DELEGATED AUTHORITY to the Chief Executive to finalise the letter for submission to the ORR. The final version of the letter would be circulated to the Board for information.</p> <p><i>Charles Robarts left the meeting.</i></p> | Mark Carne |
| 18/131 | <p><u>Thameslink London Bridge Station works</u></p> <p><i>Simon Blanchflower joined the meeting.</i></p> <p>Following discussion, the Board APPROVED an increase to the Contract Change Threshold of the Implementation Contract with Costain Limited for the London Bridge Station Works to reflect the current forecast of the anticipated final cost, as set out in paper 82/18.</p> <p><i>Simon Blanchflower left the meeting.</i></p> | |

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| <p>18/132</p> | <p><u>Euston Station – Master Development Partner update</u></p> <p>Richard Brown declared an interest in the matters to be discussed related to Euston Station and HS2 Limited. The remainder of the Board thanked him for declaring this potential conflict of interests and AGREED that Mr Brown’s continued participation in meeting during these discussions was appropriate.</p> <p>The Board discussed paper 83/18 which set out (i) the progress made in bringing forward the commercial development proposals for Euston Station and (ii) the governance and decision making structure.</p> <p>Pursuant to the Master Development Partner contract (Contract), the Board DELEGATED AUTHORITY to the Network Rail Property Supervisory Board and the Euston Development Board as appropriate, to provide any necessary and appropriate approvals required under the Contract.</p> <p>The Board asked for a general paper setting out:</p> <ul style="list-style-type: none"> • the various interfaces between HS2 and NR, with a particular focus on Crewe, Euston and Old Oak Common; • how it was envisaged that the railway would operate from 2026 onwards; and • the proposals for the acquisition of rolling stock. | <p>Chris Paxman</p> |
| <p>18/133</p> | <p><u>Project Condor</u></p> <p>The Board reviewed paper 84/18 which updated the Board of the progress towards the sale of Network Rail’s commercial estate.</p> <p>In substitution for the delegated authority provided by the Board in June 2018, the Board now DELEGATED AUTHORITY to:</p> <ul style="list-style-type: none"> • a sub-committee comprising Chris Gibb, Jeremy Westlake and one of Bridget Rosewell or Sharon Flood to approve the Final Business Case prior to its submission to the DfT BICC and HMT; and • the Chief Executive and the Chief Financial Officer jointly to agree the final bidder and to engage with them on this transaction. | |
| <p>18/134</p> | <p><u>Prosecution Report</u></p> <p>The Board discussed paper 85/18.</p> | |
| <p>18/135</p> | <p><u>Executive Committee and Panel Approvals</u></p> <p>The Board discussed paper 86/18.</p> | |
| <p>18/136</p> | <p><u>Board forward agenda</u></p> <p>The Board discussed the draft agenda for the September Board meeting. The Chair would liaise with the Group General Counsel to rebalance the proposed Autumn Board agendas.</p> | |
| <p>18/137</p> | <p><u>Transformation in action</u></p> <p>The Board noted paper 87/18 which provided examples of transformation across the business.</p> | |
| <p>18/138</p> | <p><u>Any other business</u></p> | |

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| <p>The Chair ended the meeting by thanking Michael O'Higgins for his commitment and contribution to the Board and a number of its Committees, since his appointment in November 2012.</p> | |
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| <p>The Chair also thanked Mark Carne for his significant contribution and many achievements during his tenure as Chief Executive, and noted that while this was his last Board meeting, he would continue working for Network Rail until the agreement of the CP6 Final Determination at the ORR Board in September 2018.</p> | |
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There being no further business the Chair closed the meeting at 16:25.

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