

**MINUTES OF A MEETING OF THE BOARD
OF
NETWORK RAIL LIMITED
held at 1 Eversholt Street, London, NW1 2DN
on
Wednesday, 16 March 2017 from 10:00am**

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

In attendance: Suzanne Wise – Group General Counsel & Company Secretary
Stuart Kelly – Deputy Group General Counsel
Anthony Odgers - UKGI observer
Richard Schofield (min 17/44)
David Biggs (min 17/45)
David Biggs and Rupert Walker (min 17/46)

Apologies: Silla Maizey

**MINUTE
NO.**

ACTION

17/39 CHAIR'S REMARKS

The membership of the Board was discussed. This included the steps being taken for the appointment of a new member.

It had been announced that Philip Rutnam, the Permanent Secretary at the Department for Transport (DfT) was to replace Mark Sedwill as Permanent Secretary at the Home Office.

Mark Carne had made a presentation to the DfT. This had generated a good discussion with the DfT Board. This included discussions on industry contestability and CP6. The Board noted that Professor Hansford had been invited to the next Board meeting and looked forward to discussing his findings on contestability, standards and derogations.

The need for quicker accessible information for key stakeholders was reiterated. This included the achievements of devolution and project delivery.

There had been a good Business Plan meeting a few days before the Board meeting. The Board asked for further details of the efficiency trajectory and progress against targets for CP5, to be included in the Finance Report at each Board.

JW

The Board noted that the strategic outline business case for Crossrail 2 had been submitted and that the HS2 bill had received Royal Assent.

The Board were planning a meeting and discussion with Stephen Glaister, Chair and Joanna Whittington, Chief Executive at the ORR on Monday 20 March 2017.

Finally, the Chair commented on the television documentary series *Inside King's Cross: The Railway* that had been broadcast. Network Rail employees had represented themselves and the company well in the series to date by demonstrating care and diligence in their roles.

17/40 PREVIOUS MINUTES

The minutes of the meeting of 22 February 2017 were approved subject to three minor amendments.

17/41 ACTION LIST

The Action list was reviewed.

Actions 17/25.1, 17/25.2, 17/29.3, 17/30, 17/03 and 17/05.1 were closed.

Action 17/25.2 System Operator – Future Franchise ITT

The Board asked for future discussions between Network Rail, as system operator, and DfT, as franchisor, to include joint exploration of improvements to the franchising process where these are possible.

Action 29.3 Crossrail Works

The Board noted that costs associated with any decision to upgrade existing Network Rail stations was a matter to be resolved by Crossrail in discussion with the relevant planning authorities.

17/42 DIRECTORS' INTERESTS

There were no declarations of new interests.

BUSINESS OPERATIONS

17/43 CEO BOARD AND FINANCE REPORT – UPDATE

Board Report

As the Board meeting occurred before the publication of the P12 Reports, the Board was provided with an oral update of performance. There was also the opportunity to discuss further matters arising from the P11 report (previously discussed in the February 2017 Board meeting).

Efficiency

The Board discussed the allocation of efficiency expectations throughout all business areas. The process for reporting and tracking the realisation of these efficiencies was discussed. Other cost challenge initiatives, for both Opex and Capex activity, were also discussed.

Scorecards

The final proposed scorecards for 2017/18 had been circulated to Board members before the meeting (separate from the Board meeting pack). The Board praised the thoroughness of the work that had gone into building the scorecards; in particular the major elements of each of the route scorecards that had been discussed and agreed with train and freight operator customers. The challenge of the large number of measures and their variety was noted, but was believed to be manageable.

The Board had **APPROVED** these scorecards in correspondence and **RATIFIED** that approval.

Performance

Differences between individual route's performance scorecards were noted. The nature, and the weighting, of the scorecards for 2017/18 would produce a more varied result.

The Board requested that the content of the Board Report be reviewed as there was less need for the level of detail that was being provided. The CEO, CFO and Route MD's commentaries were regarded as particularly useful and to be retained. A short

section in the CEO covering paper guiding the reader to the highlights in the report would be useful.

The Board discussed train performance. Reliability and methods of monitoring OHLE asset condition were discussed, including in relations to ECML. This subject would be an area for further discussion with the Route Managing Director for LNE&EM in September 2017.

**MC
(Rob
McIntosh)**

Scotland

The timetable in Scotland had been reviewed. The proposed changes arising from this review were being disputed by the operator, through the normal industry dispute mechanism, and also by Transport Scotland. The proposed changes were designed to more accurately reflect the actual running of the railway and the achievable reliability. The Board was briefed on the management arrangements for the Scotland Alliance pending the arrival of Alex Hynes as Scotland Route Managing Director in June 2017.

STRATEGIC THEMES

17/44 ROUTE PRESENTATION - ANGLIA

Richard Schofield presented paper 25/17.

The Board discussed Anglia Route specific aspects of:

- safety performance (including workforce safety, level crossing safety and SPADs);
- route transformation (including the changes to the route executive team and the proposed route scorecard);
- train and financial performance;
- lean; and
- the potential for third party investment.

APPROVALS

17/45 PROJECT CONDOR

Jeremy Westlake and David Biggs presented paper 26/17.

As part of the Hendy Review of CP5 enhancement projects Network Rail had committed to sell a number of property assets. Project Condor is the largest part of this asset disposal and consists largely of properties forming the commercial estate.

The Board was briefed on the overall status of the project.

The Board thanked and commended all those who were involved with the progression of the asset disposal programme. The Board was conscious of the immense amount of work that had gone into Project Condor and this had been done alongside, but without any diminution of, normal day-to-day duties. The Board recommended that the internal corporate finance team be urgently strengthened.

The Board:

- **NOTED** the status of Project Condor
- **ENDORSED** the draft Project Condor Outline Business Case (OBC)
- **APPROVED** the creation of a Board sub-committee consisting of any two non-executive directors (in practice expected to be Chris Gibb and Sharon

Flood) and the Chief Finance Officer AND **DELEGATED** to this sub-committee all necessary authorities to:

- progress with the Project Condor disposal; and
- to approve the Project Condor Outline Business Case.
- **DELEGATED** authority to the Chief Executive and the Chief Finance Officer to decide when and how to market the assets within Project Condor
- **NOTED** the absence of any retention mechanism for key staff and supported finding a solution to this, as this posed a material transaction risk.

17/46 EUSTON STATION – APPOINTMENT OF A DEVELOPMENT PARTNER

Rupert Walker and David Biggs presented paper 28/17.

This paper briefed the Board on the proposals to jointly procure with HS2 a master development partner, to plan and deliver commercial development above and around the conventional and high speed stations at Euston. The Board noted the need commence this procurement as soon as possible, noting that it would involve pooling of land and discussed the risks associated with the proposal.

The Board **APPROVED** the joint procurement with HS2 of a master development partner.

GOVERNANCE

17/47 COMMITTEE REPORTS

The Board received oral updates of the following meetings:

- SHE Committee on 9 February 2017
- Treasury Committee on 21 February 2017
- Audit & Risk Committee on 21 February 2017
- Remuneration Committee on 23 February 2017

FOR NOTING

DRAFT BUSINESS PLAN

17/48 Paper 33/17 informed the Board of the plans for the publication of the high level business plan for 2017/18. The Board members would share their individual feedback to Barney Wylid.

17/49 NR'S RESPONSE TO INDUSTRY STRATEGY GREEN PAPER

Paper 34/17 presented Network Rail's proposed submission to the Department for Business, Energy and industrial Strategy.

The Board **APPROVED** the proposed submission.

17/50 PROSECUTION REPORT AND INCIDENT MAP

The Board **NOTED** paper 35/17.

17/51 BOARD FORWARD AGENDA

The proposed April 2017 Board agenda was discussed.

17/52 DATE OF NEXT MEETING

The next Board meeting was confirmed for 26 April 2017 in Cardiff.

17/53 ANY OTHER BUSINESS

None.

There being no further business the Chair closed the meeting.

..... CHAIR