

**MINUTES OF A MEETING OF THE BOARD OF  
NETWORK RAIL LIMITED**

**held at Clapham DU, Wessex Inner Clapham, 73-75 Plough Road, SW11 2UH  
on Tuesday 6 March 2018 from 09:00am**

<b>Present:</b>	Sir Peter Hendy (Chair) Rob Brighthouse Richard Brown Mark Carne Sharon Flood	Chris Gibb Silla Maizey Michael O'Higgins Mike Putnam Jeremy Westlake
<b>In attendance:</b>	Michael Harrison – UKGI observer Stuart Kelly – Group General Counsel & Company Secretary Helen Martin – Senior Assistant Company Secretary Caroline Murdoch, Director, Corporate Communications Jo Kaye (part of minute 18/29)      Sam McCarthy (minute 18/32) Graham Hopkins (minute 18/31)      Alison Rumsey (mins 18/33, 18/34 & 18/37) Jason Bridges (minute 18/32)      Steve Featherstone (minute 18/35) Janice Crawford (minute 18/32)      Francis Paonessa (minute 18/35) Stuart Kistruck (minute 18/32)      Clare Chalmers (minute 18/39) Becky Lumlock (minute 18/32)	
<b>Apologies:</b>	Bridget Rosewell	
<b>MINUTE NO.</b>		<b>ACTION</b>
<b>18/24</b>	<p><b><u>Safety briefing</u></b></p> <p>The Board was briefed on safety and the emergency evacuation procedures for the Clapham Delivery Unit.</p>	
<b>18/25</b>	<p><b><u>Chair's remarks</u></b></p> <p>The Chair reflected on the Board's meeting the previous day with the Secretary of State for Transport.</p> <p>The Chair and the Board recognised the superb efforts of thousands of Network Rail staff during the recent severe weather that had affected the whole network, and thanked them for their commitment.</p>	
<b>18/26</b>	<p><b><u>Minutes of the previous meeting</u></b></p> <p>Subject to a number of minor amendments the minutes of the Board meeting held on 7 February 2018 were approved.</p>	
<b>18/27</b>	<p><b><u>Action list</u></b></p> <p>The Action List was discussed and the updates were noted. In particular the Board commended the success of the Small Talk Saves Lives campaign.</p>	
<b>18/28</b>	<p><b><u>Directors' interests</u></b></p> <p>Richard Brown and Chris Gibb advised the Board that they had each been appointed to the Rail Expert Advisory Group. Their appointments were as independent rail experts rather than as representatives of Network Rail.</p>	

<p><b>18/29</b></p>	<p><b><u>CEO Board Report</u></b></p> <p>The Board was briefed on the impact the recent severe weather had had on the network. While the heavy snow and ice had presented challenges for the railway, the thaw brought different, but equally demanding challenges, such as flooding. Passengers had evacuated themselves from a train onto the live network near Lewisham. This was under investigation, along with a number of other weather-related incidents.</p> <p>The Chief Executive updated the Board on his recent appearance before the Public Accounts Committee to discuss Thameslink, Southern and Great Northern franchises following the National Audit Office's value for money report.</p> <p>The Board discussed the evolution of the national balanced scorecard and the associated targets since the scorecard's inception, and the progress made against those targets.</p> <p style="text-align: center;"><i>Jo Kaye joined the meeting</i></p> <p>The Board was updated on the issues surrounding the introduction of the May 2018 timetable and the work under way to address those issues.</p> <p>The Board discussed the commercial and financial implications of the introduction of the timetable. Some of the commercial aspects were still being worked through, as the problems had arisen not just due to Network Rail actions, but to a range of issues across the entire industry.</p> <p>The Board noted that the Office of Rail and Road was investigating and being kept up to date on this matter.</p> <p>When the May 2018 timetable issues had been resolved, Network Rail would fully review the lessons to be learned.</p> <p>The Board then discussed the role of the System Operator, noting that while the System Operator would make some decisions affecting the entire network in a clear and transparent way, it would also offer a range of alternatives from which network customers would select their preferred option. This role would be addressed more fully during the System Operator Directorate's update to the Board in July.</p> <p style="text-align: center;"><i>Jo Kaye left the meeting</i></p> <p>The Board commended the range of suicide prevention initiatives on the London North Western Route including the introduction of security guards at some stations.</p> <p>Referring to the challenges of the Bromsgrove Electrification programme, the Board asked that a review be undertaken of all electrification programmes to identify the issues that had arisen across the portfolio of electrification works, and the lessons learned. The findings of that review would be brought back to the Board in due course.</p>	<p>Jo Kaye</p> <p>Francis Paonessa</p>
<p><b>18/30</b></p>	<p><b><u>CFO Finance Report</u></b></p> <p>The Board noted the Chief Financial Officer's report. In particular the Board discussed:</p> <ol style="list-style-type: none"> <li>a. the progress of the commercial estate disposal and other property transactions;</li> <li>b. the CP6 financial framework; and</li> <li>c. that following the transfer of some contracts operated by Carillion Construction Limited to Amey Rail Limited, Network Rail's exposure to risk as a result of</li> </ol>	

	<p>Carillion being put into liquidation, had reduced.</p> <p>The Board would receive an update on the management of money under the new CP6 financial framework. One aspect of that report would be how contingencies within projects were managed. Board members would share their experiences of this with the Chief Financial Officer.</p>	JW
18/31	<p><b><u>Safety, Technical &amp; Engineering (STE) Directorate</u></b></p> <p><i>Graham Hopkins joined the meeting</i></p> <p>The Board discussed the structure of the STE directorate and how its role as the Technical Authority fitted into Network Rail's matrix structure.</p> <p>The Board was briefed on the directorate's work to establish competency frameworks, and the introduction of the fellowship scheme to recognise technical expertise across Network Rail.</p> <p>The Board asked how STE ensured that there was an appropriate level of challenge and debate around standards, practices and procedures, both internally and externally. This was done via the competency framework, with part of a technical expert's role being to challenge where it was believed to be appropriate. In addition, workshops were under way to determine an appropriate process for suppliers to challenge Network Rail's processes, including that for product acceptance.</p> <p>The Board requested an annual update on the challenges received from both inside and outside Network Rail, the impetus behind and the outcome of the challenge. The first such update would be presented to the Board in September 2018.</p> <p>The paper to the Board in September would also set out the different accountabilities of Network Rail, the Railway Safety &amp; Standards Board and the Rail Delivery Group in terms of standards, processes and procedures.</p> <p>The Board discussed remote condition monitoring of assets, in particular train borne devices. It was noted that some train operating companies wanted to charge Network Rail for this data. Network Rail had challenged their stance as the learning derived from that data would help Network Rail allocate its resources effectively to benefit both the train operators and their passengers. Through industry discussions a solution was being sought.</p> <p>The Board asked management to quantify the return on investment of improving safety, technical and engineering standards, processes and procedures.</p> <p><i>Graham Hopkins left the meeting</i></p>	<p>Graham Hopkins</p> <p>GH</p> <p>GH</p>
18/32	<p><b><u>Wessex Route - update</u></b></p> <p><i>Jason Bridges, Janice Crawford, Stuart Kistruck, Becky Lumlock and Sam McCarthy joined the meeting</i></p> <p>Becky Lumlock, Route Managing Director, and her team presented to the Board their recent successes and also the challenges facing the route.</p> <p>They also discussed with the Board the development of the Wessex Route Strategic Business Plan for CP6 and how that process had improved compared with creating the CP5 plan. The Wessex route team confirmed that they felt group ownership of the CP6 plan and believed that although the plan was stretching, it was deliverable.</p> <p>The Wessex team updated the Board on work they had done to help improve train performance, including:</p> <ul style="list-style-type: none"> <li>the application of intelligent infrastructure on those assets across the Route that</li> </ul>	

	<p>could accommodate it, to warn when an asset may be beginning to fail;</p> <ul style="list-style-type: none"> <li>the introduction of incident officers working 24 hours a day 7 days a week; and</li> <li>work done to understand train dwell times at stations and running times between them, which had highlighted the adverse impact where particular platforms had longer dwell times at certain times of day, and particular train services that had longer dwell times than other services.</li> </ul> <p>The learning from these initiatives was being shared with other routes.</p> <p>The Wessex route team discussed with the Board the key risks associated with the future commitment of the principal train operator on this route to increase the number of passengers across the Route from December 2018. The introduction of more off-peak trains would further erode the capacity the Route had to recover from incidents that happened during rush hours. Discussions with stakeholders to identify a workable solution were taking place; the Board would be kept abreast of developments.</p> <p>Becky Lumlock and her team were thanked for their presentation, and for making the Board aware of the issues associated with the projected increase in the number of train services.</p> <p style="text-align: center;"><i>Jason Bridges, Janice Crawford, Stuart Kistruck, Becky Lumlock and Sam McCarthy left the meeting</i></p>	
<p><b>18/33</b></p>	<p><b><u>Succession Planning</u></b></p> <p style="text-align: center;"><i>Alison Rumsey joined the meeting</i></p> <p>Paper 20/18 outlined the talent strategy and roadmap.</p> <p>The Board discussed the current status of talent management and succession planning within Network Rail, the gaps identified, and the plan to eliminate those gaps. The discussion covered all levels of roles within the business, not just those at senior levels.</p> <p>It was noted that there should be a greater focus on general management ability, in addition to recognising and developing those with strong technical skills.</p> <p>The Board noted the plans for developing a robust talent and succession planning strategy, and looked forward to the discussion on the outcome of the improved processes, later in the year.</p>	<p>Alison Rumsey</p>
<p><b>18/34</b></p>	<p><b><u>Your Voice Results</u></b></p> <p>The Board discussed paper 21/18 which set out the results of the 2017 'Your Voice' employee engagement survey and the next steps.</p> <p>The Board noted that while participation rates had increased since the 2013 survey, the level of employee engagement had remained static.</p> <p>The Board discussed with Management:</p> <ul style="list-style-type: none"> <li>the numbers of employees who were engaged split by gender, ethnicity, ability/disability, job band, length of service, etc</li> <li>the steps taken to help front line workers participate in the survey as many of them did not have access to computers, and</li> <li>what was being done by the Routes and Functions to turn the survey results into action plans designed to address the areas highlighted for improvement.</li> </ul> <p>The Board welcomed the opportunity to discuss the results of the Your Voice survey and asked to be kept informed of progress.</p> <p style="text-align: center;"><i>Alison Rumsey left the meeting</i></p>	

<p><b>18/35</b></p>	<p><b><u>IP Track CP6 Contract Strategy</u></b></p> <p><i>Steve Featherstone and Francis Paonessa joined the meeting</i></p> <p>Paper 22/18 requested Board approval of the IP Track Contracting Strategy.</p> <p>Having discussed the proposal and heard that the strategy had been discussed with and approved by the function directors and the route managing directors, the Board <b>APPROVED</b> the proposed contracting strategy and <b>DELEGATED AUTHORITY</b> to contract to the Executive Committee to enable the award of new contracts to the winning bidders.</p> <p><i>Steve Featherstone and Francis Paonessa left the meeting</i></p>	
<p><b>18/36</b></p>	<p><b><u>Tax Strategy</u></b></p> <p>Paper 23/18 sought the Board's approval of Network Rail's proposed tax strategy which, under the Finance Act 2016, needed to be published by 31 March 2018.</p> <p>The Board noted that the Audit &amp; Risk Committee recommended that the tax strategy be approved.</p> <p>Following discussion the Board <b>APPROVED</b> the tax strategy as set out in the paper.</p>	
<p><b>18/37</b></p>	<p><b><u>Balanced Scorecard 2018-19</u></b></p> <p><i>Alison Rumsey joined the meeting</i></p> <p>Paper 24/18 updated the Board on the 2018-19 scorecards and sought the Board's endorsement to progress the scorecard through the official sign-off process.</p> <p>The Board noted that (i) the proposed 2018-19 scorecard had evolved further from that used for 2017-18, and (ii) that were the 2018-19 scorecard targets to be achieved, then Network Rail would be at the right performance related entry point for CP6 in April 2019.</p> <p>The Board asked that in future the scorecards show the progress achieved during previous years to evidence that targets continued to be stretching.</p> <p>The Board noted that the scorecard for Infrastructure Projects was approved by its customers, the Routes.</p> <p>The Board <b>AGREED</b> that the scorecards 2018-19 should now progress through the formal sign-off process.</p> <p><i>Alison Rumsey left the meeting</i></p>	
<p><b>18/38</b></p>	<p><b><u>DfT Collateral Facility Agreement</u></b></p> <p>Following discussion, it was <b>RESOLVED</b> to:</p> <ul style="list-style-type: none"> <li>• <b>APPROVE</b> the proposal and the execution of all documents required to implement it including participation in the Government Banking Service (the "Documents")</li> <li>• <b>DELEGATE AUTHORITY TO</b> any two of the Chief Financial Officer, Group Treasurer and Group Financial Controller to negotiate the DfT Collateral Facility Agreement and to sign the Documents on behalf of Network Rail Infrastructure Limited</li> </ul>	

	<ul style="list-style-type: none"> <li>• <b>DELEGATE AUTHORITY TO</b> any two of the Chief Financial Officer, Group Treasurer and Group Financial Controller to authorise specified person or persons to take all such actions as may be required to implement and operate the Facility (such implementation and operation including, for the avoidance of doubt, authorising any further person or persons to submit Utilisation Forecasts and Utilisation Confirmations by email).</li> </ul>	
18/39	<p><b><u>2017 Board Evaluation – summary findings</u></b></p> <p><i>Clare Chalmers joined the meeting.</i></p> <p>The Board discussed with Clare Chalmers, an independent board governance expert, the key findings from the 2017 Board Effectiveness Review.</p> <p>The review had involved one-to-one interviews with Board members and key stakeholders, observation of a board meeting and a review of the papers discussed at that meeting.</p> <p>Overall, the Board was considered to be strong, successful and collegiate.</p> <p>Improvements in Board effectiveness had been noted since the 2016 review.</p> <p>A number of recommendations, both ‘quick wins’ and longer term proposals were made to enable the Board to become even more effective.</p> <p>The Board noted that the Nomination Committee would develop a series of actions to address the most significant recommendations from the review, and that this action list would be brought back to the Board for review.</p> <p><i>Clare Chalmers left the meeting.</i></p>	Stuart Kelly
18/40	<p><b><u>2017 Effectiveness Review – Audit &amp; Risk Committee and Property Supervisory Board</u></b></p> <p>The Board discussed paper 27/18, which provided an update on the outcomes of the effectiveness reviews undertaken by the Audit &amp; Risk Committee and the Property Supervisory Board.</p>	
18/41	<p><b><u>Committee updates</u></b></p> <p>The Board was updated on the recent activities of the Safety, Health &amp; Environment (SHE), Treasury, Audit &amp; Risk and Remuneration Committees.</p> <p>The Board endorsed Chris Gibb’s letter to the ORR, in his capacity as chair of Network Rail’s SHE Committee. The letter reflected the ORR’s agreement to revisit its previous risk assessments of train toilets discharging human waste onto the track, and also the ORR’s confirmation that it was considering how regulation could formally prohibit toilet discharge to track. The Board looked forward to receiving an update on this matter in due course.</p>	Chris Gibb
18/42	<p><b><u>Prosecution Report and Incident Map</u></b></p> <p>Paper 28/18 was noted.</p> <p>The Board discussed the lack of engagement by some local authorities in respect of closing level crossings identified as high risk.</p> <p>Further consideration would be given to the options available to Network Rail in pursuit of its goal to close high risk level crossings.</p>	Stuart Kelly
18/43	<p><b><u>Company Secretary’s Report</u></b></p>	

	<p>The Board reviewed paper 29/18.</p> <p>The Board considered the request to approve the framework agreement between Network Rail Consulting Limited (NRC) and Network Rail Infrastructure Limited (NRIL). Responding to a query from the Board the Chief Financial Officer confirmed that the NRC board was required to review and approve the company's five year business plan. The Board noted that the NRC board included the CFO himself, members of Network Rail's Executive Committee and an independent non-executive chair.</p> <p>The Board asked that the proposed framework agreement be amended so that NRIL's Drivers Handbook did apply to NRC employees and contractors. The CFO would address this with the NRC Board.</p> <p>The Board <b>RATIFIED</b> the use of the company seal as set out in paper 29/18.</p> <p>The Board <b>NOTED</b> that the minutes of its November 2017 Board meeting had been published on Network Rail's website.</p>	JW
18/44	<p><b><u>Executive Committee and Investment Panel approvals</u></b></p> <p>The Board discussed the contents of paper 30/18. A number of queries were raised, the responses to which would be reported back to the Board.</p>	JW
18/45	<p><b><u>Board forward agenda</u></b></p> <p>The draft agenda for the meeting to be held on 10 April 2018 was noted, and a number of changes discussed.</p>	
18/46	<p><b><u>Transformation in action</u></b></p> <p>Paper 31/18 which set out examples of transformation across the business was noted.</p> <p>In particular, the Board congratulated the Anglia Route on the activation of the traction power centralised management system, and looked forward to hearing how this initiative was being rolled out to other Routes.</p>	Graham Hopkins
18/47	<p><b><u>Any other business</u></b></p> <p>Nothing was raised under this item.</p>	

There being no further business the Chair closed the meeting at 15:40.

..... Chair