

**MINUTES OF A MEETING OF THE BOARD  
OF  
NETWORK RAIL LIMITED  
held at Bristol Temple Point, Redcliffe Way, Bristol, BS1 6NL  
on  
Wednesday, 24 May 2017 from 09:00am**

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

**In attendance:** Suzanne Wise – Group General Counsel & Company Secretary  
Stuart Kelly – Deputy Group General Counsel  
Michael Harrison – UKGI observer  
Mark Langman (min 17/78 and 17/82)  
Neil Thompson (min 17/78)  
Professor Hansford and Stephen Jones (min 17/79)  
Francis Paonessa (min 17/80)  
Martin Frobisher and Pat Cawley (min 17/81) (by phone)  
David Biggs and Chris Curtis (min 17/83)

**Apologies:** Richard Brown

<b>MINUTE NO.</b>	<b>ACTION</b>
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**17/73 CHAIR’S REMARKS**

The Board discussed the dreadful terrorist attack that had occurred at the Manchester Arena two days prior to the meeting. Manchester Arena adjoins Manchester Victoria Station which remained closed during the aftermath of the attack. The Board was provided with an update, commended the actions of the emergency services and all the Northern Rail and Network Rail staff for their involvement in the rescue and recovery and expressed its sympathy to all those affected by the atrocity. It also discussed the security levels that had been declared.

The Board welcomed the appointment of Nick Joyce as Acting Director General for Rail Group in the Department for Transport.

**17/74 PREVIOUS MINUTES**

The minutes of the meeting of 26 April 2017 were approved subject to three minor amendments.

**17/75 ACTION LIST**

The Action list was reviewed, and a number of actions were closed.

The following actions were amended as follows:

- **17/38 Gospel Oak / Barking**  
“Senior management were to present to the Audit & Risk Committee the outcome of the review of the Gospel Oak to Barking project. The Audit & Risk Committee would then provide a report to the Board.”
- **17/23 Action List – Brexit**  
“The Board noted that the outcome of the analysis of Brexit related changes or prospective changes had been included in operational planning steps.”

**JW**

**MC  
(Graham  
Hopkins)**

## 17/76 DIRECTORS' INTERESTS

Michael O'Higgins had been appointed as Chairman of the Advisory Committee of YFM Equity Partners 2016, L.P.

Sharon Flood had been appointed to the Board of Pets at Home Group PLC.

## BUSINESS OPERATIONS

### 17/77 CEO BOARD AND FINANCE REPORT – P12

#### CEO Board Report

##### Safety

The vehicle telematics system (VTS) was to be fully operational first in LNW route by the end of May 2017 and followed by other routes. The Board discussed the deployment process, including briefing and training, before the system was fully enabled. The Board fully supported the deployment of VTS.

##### Scorecard outturn

The scorecard for 2016/17, the third year of CP5, achieved a score of 40.7% before any downward adjustment.

##### Train performance

In period 1 2017/18 91.9% PPM target was achieved. This beat plan by 0.2 percentage points - and was 0.6% better than the previous year. The Board welcomed these results and the continued turnaround.

##### Enhancement Projects

Early May Bank Holiday works were completed successfully without a single LTI. In 2016/17 approximately £3.8 billion of enhancements were delivered. The previous high was approximately £3.0 billion. The complex Crossrail works at Shenfield were completed and ETCS had been successfully tested in the Heathrow Tunnel. The Board noted that the intensive work had caused some supply chain constraints. In Scotland the EGIP project experienced delays, partly associated with defective materials and contractor project management. The Board was briefed on the action that had been taken.

The Board was also briefed on (1) the Gospel Oak to Barking project (and the plans leading towards the introduction of the new service); (2) the GWEP; and (3) the T-minus reviews for the August 2017 works at Waterloo.

The Board welcomed the separate commentary that complemented the enhancement projects section of the Board report.

The Board asked for:

- an independent review, in appropriate circumstances, in addition to the 'peer reviews' process.
- the inclusion in the Board Report of details of works and their value that were re-planned.

##### Cyber Threat

There had been a 'ransom ware' cyber-attack that had affected many notable organisations, including the NHS. Network Rail had not been affected largely due to steps taken three years prior. This matter would be further explored by the Audit and Risk Committee including interfaces with third party systems.

SF

### LGBT British Awards

The Board was delighted that Network Rail had won Best LGBT+ Employee Network at the British LGBT Awards. The Board supported all the executive's efforts in promoting a diverse and inclusive culture within Network Rail.

### **Finance Report**

2016/17 full year results – draft and unaudited – were discussed by the Board. CP5 funding was also discussed.

### Asset disposal

Projects Condor, Falcon, Osprey and Stephenson were each discussed. Each had been considered in detail by the Property Supervisory Board.

### **Transformation and Efficiency review**

The draft plan for transformation and efficiency was discussed. Feedback from the Board was shared. Further feedback from Board members would be shared separately.

The changes that were to be put in place for the sponsorship of the transformation and efficiency programmes were discussed and the appointment of a dedicated and responsible director welcomed. The Board requested a presentation of the overall plan for the collective programmes and the director's insights.

**MC**  
(Ian Icton)

## **17/78 ROUTE PRESENTATION – WESTERN**

Mark Langman presented paper 48/17. Neil Thompson, Regional Director for Infrastructure Projects joined the presentation. The Board asked that the relevant regional directors for Infrastructure Projects accompany future presentations by route managing directors.

Train performance for the route was discussed. The first two periods of 2017/18 mirrored the positive turnaround that had been experienced nationally. The collaborative working and the "gains" that had occurred because of the alliance with GWR were noted. The Board was also briefed on the early experiences of the western route supervisory board. The supervisory board was, in broad terms, expected to seek to hold the *industry* to account, particularly in relation to joint scorecard measures.

The route was generally very positive about the effects of devolution and the strengths of the relationships with deliverers of central and core services.

The status and the challenges of GWEP were discussed in detail. This included optimising utilisation of access opportunities.

## **17/79 PETER HANSFORD - COMPETITION AND CONTESTABILITY REVIEW**

Professor Hansford presented paper 49/17. This paper included a draft of Professor Hansford's independent review of contestability in the GB Rail market (to facilitate third party investment infrastructure delivery and challenging costs and standards). Feedback was gathered. Professor Hansford would send his completed review to the Chief Executive Officer.

The terms of reference for the review and the final report would be shared with the Board, and it would be published alongside Network Rail's response and action plan.

**MC**

## STRATEGIC THEMES

### 17/80 INCREASING AND BETTER UTILISING TRACK ACCESS

Francis Paonessa presented paper 50/17. The difficulties of making changes to access, to deliver CP5 targets for renewals after lock down 64 weeks ahead, were recognised. The renewals recovery plan would strengthen processes, systems and underlying culture for CP6. The Board wanted Network Rail to be more assertive in seeking access as lack of appropriate access increased both cost and timescales. There was to be a review of the appetite for the balance of benefit and risk of possession overrun. The Board welcomed the interim update and looked forward to a further update.

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

## APPROVALS

### 17/81 2<sup>ND</sup> EAST WEST RAIL AUTHORITY PAPER

Martin Frobisher and Pat Cawley presented paper 51/17.

The Board:

- **NOTED** the progress of East West Rail Phase 2; and
- **AUTHORISED** funding in the sums requested in the paper to complete the development of GRIP 4 design and to accelerate some elements of GRIP 5 and 6 all as set out in the paper.

The Board requested clarification of the scope of possible aborted costs that could result from the challenge to the output specification or methodology.

**MC**  
**(Martin Frobisher)**

### 17/82 WESTERN RAIL LINK TO HEATHROW

Mark Langman presented paper 52/17. The paper provided the Board with an update on the AFC for the Western Rail Link to Heathrow.

The Board noted the peer reviews. The Board invited a further update once the project had been reviewed by the programme board.

The Board asked for a list of projects to be provided that had 'early' and 'immature' cost estimates together with details of the engagement with external stakeholders on costs and plans for the maturing of those estimates.

**MC**  
**(Jo Kaye)**

### 17/83 CLAPHAM JUNCTION STATION RE-DEVELOPMENT

David Biggs and Chris Curtis presented paper 53/17.

The Board welcomed and **NOTED**:

- the development of the Clapham Junction Passenger Congestion Relief project; and
- Network Rail's funding of the property development scheme

each as set out in the paper.

### 17/84 SHE COMMITTEE TERMS OF REFERENCE

Chis Gibb presented paper 54/17.

The Board:

- **APPROVED** the revised terms of reference; and
- **NOTED** the recommendations that had been made for the adaption of the work of the SHE Committee.

## **GOVERNANCE**

### **17/85 COMMITTEE REPORTS**

The Board received updates on the following meetings:

- SHE Committee on 27 April 2017
- Nomination Committee on 8 May 2017
- Remuneration Committee on 18 May 2017

### **17/86 COMPANY SECRETARY'S REPORT**

Stuart Kelly presented paper 59/17.

The Board:

- **APPROVED** the resignation of Suzanne Wise and the appointment of Stuart Kelly as the Company Secretary of Network Rail Infrastructure Limited and Network Rail Limited;
- **RATIFIED** the sealings detailed in the paper;
- **APPROVED** and **RATIFIED** the transactions of the Solum joint venture as detailed in the paper;
- **NOTED** the governance and corporate law developments.

The Board requested a note that summarised the history of the Solum joint ventures together with experiences since their creation.

**JW**

### **17/87 PROSECUTION REPORT AND INCIDENT MAP**

The Board **NOTED** paper 55/17.

### **17/88 EXECUTIVE COMMITTEE AND INVESTMENT PANEL APPROVALS**

Jeremy Westlake presented paper 56/17. The Board **NOTED** the contents of these papers.

### **17/89 BOARD FORWARD AGENDA**

The forward agenda for the June 2017 meeting was noted.

### **17/90 DATE OF NEXT MEETING**

The next Board meeting was confirmed for 21 June 2017 in London Cottons Centre.

### **17/91 ANY OTHER BUSINESS**

Nothing was raised under this item.

## **FOR NOTING**

### **17/92 IMPROVING OUR CORPORATE REPUTATION**

The Board noted paper 57/17 which provided an update on the communications strategy and the focus on plans for communicating our transformation and efficiency plans.

**17/93      TRANSFORMATION IN ACTION: EXAMPLES FROM ACROSS NR**

The Board **NOTED** this paper.

The Board noted this was Suzanne Wise's last meeting; it thanked her for all the work she had done and wished her well for the future.

There being no further business the Chair closed the meeting.

..... CHAIR