

**MINUTES OF A MEETING OF THE BOARD  
OF  
NETWORK RAIL LIMITED  
held at 1 Eversholt Street, London NW1 2DN  
on  
Wednesday 23 November 2016 from 09:00am**

**Present:**

Sir Peter Hendy (Chair)	Silla Maizey
Rob Brighthouse	John Mogford
Richard Brown	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  
 Anthony Odgers - UKGI observer  
 Paul McMahon (min 16/157)  
 Jo Kaye and Rupert Walker (min 16/159)  
 Francis Paonessa (min 16/162)

**Apologies:**

<b>MINUTE NO.</b>	<b>ACTION</b>
<b>16/153 CHAIR'S REMARKS</b>	
<p>The Chair welcomed Silla Maizey and John Mogford to the Board and their first Board meeting.</p> <p>The Board met with the Secretary of State for Transport the evening before the meeting; the discussion was constructive. The conversation included discussion on train performance (including the effects of increasingly reduced opportunities for access to the railway for maintenance as a consequence of growing demand), current and future projects and asset disposals, and the importance of performance related reward within Network Rail to encourage good performance.</p> <p>The Board discussed the misalignment of industry objectives and the complex delay attribution process which needed to be understood by all industry stakeholders who comment on the overall performance of the railway system. The responsibility of Network Rail for delay was often overstated.</p>	
<b>16/154 PREVIOUS MINUTES</b>	
<p>The minutes of the meeting of 28 October 2016 were approved subject to one minor amendment.</p>	
<b>16/155 ACTION LIST</b>	
<p>The Action list was reviewed. Save for action <b>16/143.1 CP5 Business Plan Update</b> which was included on the agenda for the meeting, there were no outstanding actions.</p>	
<b>16/156 DIRECTORS' INTERESTS</b>	
<p>Sharon Flood confirmed her recent appointment as a member of the board of British Gymnastics.</p>	

**MC  
(Jo Kaye)**

John Mogford confirmed his other director appointments as:

- The Weir Group PLC
- ERM Worldwide Group Limited
- DOF Subsea AS
- Sutton Energy Consultants Limited
- Mogford Albion Limited

Silla Maizey confirmed her other director appointments as:

- John Menzies PLC
- NHS Business Services Authority
- Crown Commercial Service
- Saffron Solutions Limited

## **BUSINESS OPERATIONS**

### **16/157 ROUTE PRESENTATION – FREIGHT & NATIONAL PASSENGER OPERATOR**

Paul McMahon introduced the background to the creation of the Freight & National Passenger Operator (FNPO) Route. He explained the scope of the FNPO Route, its challenges and how the Route worked with the 8 “geographic” routes.

In respect of safety the FNPO Route commented on freight related SPADs and derailments.

The positive effects of route based scorecards, which equally applied to the FNPO Route, had been welcomed by the TOC and FOC customers for whom FNPO was principally responsible. These scorecards were a contributor to addressing many of the concerns of those two customer groups. Performance of the FNPO’s TOC and FOC customers was discussed.

The “efficiency challenge” was also a focus of the route (as was the case with the geographic based routes). This included a review of freight only lines which were being maintained notwithstanding the dramatic reduction in certain types of freight traffic, most notably coal, which was causing some lines to be unused.

The economic challenges of FOC operators in particular were discussed. The Board recognised the importance of rail freight to the UK economy, and the dynamic nature of the freight market over the previous three years. This had resulted in a reduction in demand in traditional rail freight industries such as steel manufacturing and coal in the North and Wales, whereas there had been increased demand in the South, where capacity was already constrained.

The Board discussed the options for freight related investment.

The Board noted the discussions that had occurred in the SHE Committee regarding effluent discharge to track, and endorsed the commitment to eradicating this by 2020. This was particularly relevant to some of the charter operators, for whom the FNPO route had account responsibility, as they operated historic fleet. The Board agreed that the commitment did not exempt this category of customer fleet.

## **BUSINESS OPERATIONS**

### **16/158 BOARD REPORT – P7**

Mark Carne presented the Period 7 Board report.

#### Safety

The Board noted the tragic incident that had occurred on Tramlink in Croydon, on infrastructure owned by TfL. The investigation had been at an early stage. This would be monitored and any lessons would be analysed; Network Rail was

providing support.

On 9 November 2016, a 31 year old woman had tragically been fatally injured at a pedestrian level crossing at Old Stoke Road, Stoke Mandeville. This incident, too, was being investigated.

The Board expressed its sympathies to all those who had been affected by both of these tragedies.

An application to Staffordshire County Council for a footpath diversion to facilitate the closure of Stone Footpath level crossing had gone unanswered. That crossing had seen an increase in misuse. In the interests of safety the Board supported the subsequent stopping-up of the footpath at that crossing, which had taken place

Mark Carne and Graham Hopkins, Group Safety, Technical and Engineering Director had attended, and provided evidence to, the Transport Select Committee (TSC) on railway safety. Level crossing safety was one of the themes that the TSC explored at that hearing.

The RAIB report into Lamington viaduct failure had confirmed the findings of Network Rail's own internal investigations and these were being acted upon.

### Train Performance

Train performance continued to be challenging. This had been exacerbated by the effects of Autumn weather. The largest incident affecting performance was a major signalling failure that had occurred at Luton. The root cause of this incident was being investigated by the LNE&EM Route.

The Board reviewed the individual route performance reports. It was noted that train performance in LNW continued to outperform and beat all customer targets in period 8, including delivery of the best ever P8 performance for Virgin Train West Coast. The majority of the other routes encountered challenging train performance. The Board asked for the best practice that was driving improved performance in LNW to be promulgated to other routes, including the avoidance of schedule 8 costs which allowed for reinvestment. Furthermore the Board was anxious that the connection between (1) the absence of TSRs and (2) performance was not underplayed. It requested that a paper be provided with a detailed exploration of the impact of TSRs on performance.

**MC**  
**(Phil Hufton)**

The Company had made train performance and the recovery from incidents (thereby mitigating the impact of delay per incident) a "Must Win" and an area of all company focus. In addition the Company was focused on improving reliability of the lines that "fed into" the Thameslink core, noting that additional funding would be required in CP5 to achieve this. The Board considered the additional funding implications of improving the Thameslink related performance.

The Board requested more detail of what was being done across the routes to improve performance.

**MC**  
**(Phil Hufton)**

### Funding

The Rail Minister had announced the delay to some parts of the Great Western Electrification Programme (GWEP) project. The Board discussed the broader reaction to this announcement. GWEP more generally was discussed by the Board.

The report published by the NAO into GWEP was discussed by the Board. It was noted that a hearing to discuss the report had been convened by the Public Accounts Committee (PAC) for 14 December 2016.

The Board asked for clarification of the status of the Manchester/Stalybridge project in respect of the Hendy plan.

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

### East West Rail

Mark Carne provided an update on discussions that had occurred with the Secretary of State and DfT concerning major project contestability. The Board supported this exploration.

### Scotland

Mark Carne briefed the Board on the publicity that had been attracted in Scotland and the challenges that were being faced. The Board provided its full support to the executive and the Route Managing Director for Scotland, and requested that it be kept updated on developments.

### Must Wins

A supplemental paper provided an update on the five must win areas of additional focus. This was taken as read.

The Board requested a more detailed plan that linked milestones to outcomes.

MC

### Financial report

The Financial Report was **NOTED**. It was confirmed that Project Wren would not proceed.

## **APPROVALS**

### **16/159 HS2 PROTOCOL AGREEMENT**

Jo Kaye presented paper 84/16. The paper explained how Network Rail, HS2 Limited and DfT would work together to carry out On Network Works and High Speed Related works. The arrangements were set out in the Implementation Protocol Agreement.

The Board **DELEGATED** authority to the Chief Financial Officer to agree any remaining issues in, or clarifications to, and enter into the Implementation Protocol Agreement with HS2 Limited and the Department for Transport.

### **16/160 NRL INTERIM FINANCIAL STATEMENTS**

Jeremy Westlake presented paper 85/16 the key financial results as reported in the interim financial statements of Network Rail Limited for the 6 months ending 30 September 2016. The material items and movements were highlighted.

The Board **APPROVED** the results for release.

## **STRATEGIC THEMES**

### **16/161 PROJECT MESON - UPDATE**

Jeremy Westlake presented paper 86/16. The Board **APPROVED** the recommendation to close Project Meson and confirmed that it would be reluctant for Network Rail to re-evaluate this subject again unless there was a material change.

### **16/162 INFRASTRUCTURE PROJECTS REVIEW**

Francis Paonessa presented Infrastructure Projects (IP) overall performance.

### Safety

Safety performance had improved seeing a dramatic improvement in LTIFR since

the previous year. A major contributor had been the use of balanced scorecards with suppliers that had allowed comparative data to drive improvements. Notable safety successes included: (1) the award of 4 Safety Swords of Honour by the British Safety Council; and Anglia IP having no recordable incidents in a 13 period term. Actions were in place to maintain improvement across all areas.

The Board commended IP's safety performance.

#### Enhancement portfolio

The Board was briefed on the assurance process for each enhancement project, and the portfolio overall, in respect of delivery to plan (i.e. time, cost and quality). The summary findings were discussed with the Board. It was noted that all bank holidays in the last two years had been successfully delivered and there had been a significant reduction in delay possession handback. It was noted that whilst overall delivery was within the Hendy Plan figures there were pressures arising in some areas that would be reported on as necessary. The work of the Joint Portfolio Board (Network Rail and DfT) was discussed as was the need for a narrative to be produced following those meetings for use with other stakeholders.

#### IP Renewals

The FPM for renewals attributable to IP was discussed. The principal drivers were IP Track and Central and Southern emergency works.

The Board discussed the cross functional plan to improve high output volume loss. Furthermore, the activity from the "must win" work stream to improve renewals was also presented and discussed.

IP also presented the overall vision and strategy for the directorate. It was agreed that better communication of IP's successes was required as reputation lags behind achievements and delivery.

### **GOVERNANCE**

#### **16/163 REPORT FROM BUSINESS PLAN COMMITTEE MEETING – 5 OCTOBER 2016**

The draft minutes of the Business Plan Committee meeting held on 5 October were **NOTED**.

#### **REPORT FROM NOMINATION COMMITTEE MEETING – 28 OCTOBER 2016**

The draft minutes of the Nomination Committee meeting held on 28 October 2016 were **NOTED**.

#### **REPORT FROM AUDIT & RISK COMMITTEE MEETING – 15 NOVEMBER 2016**

Sharon Flood gave an oral update from the Audit & Risk Committee meeting held on 15 November 2016.

#### **REPORT FROM TREASURY COMMITTEE MEETING – 15 NOVEMBER 2016**

Sharon Flood gave an oral update from the Treasury Committee meeting held on 15 November 2016.

#### **REPORT FROM REMUNERATION COMMITTEE MEETING – 22 NOVEMBER 2016**

Michael O'Higgins gave an oral update from the Remuneration Committee meeting held on 22 November 2016.

#### **REPORT FROM SHE COMMITTEE MEETING – 22 NOVEMBER 2016**

Chris Gibb gave an oral update from the SHE Committee meeting held on

22 November 2016.

It was confirmed that the SHE Committee had been briefed on the investigations related to the Lamington Viaduct and Watford Tunnel incidents.

**16/164 PROSECUTION REPORT AND INCIDENT MAP**

The Board discussed paper 88/16 which provided an update on health and safety incidents that gave rise to the likelihood or actuality of prosecutions.

**16/165 EXECUTIVE COMMITTEE, INVESTMENT PANEL AND PROCUREMENT EXECUTIVE PANEL APPROVALS**

The Board **NOTED** the update on investment schemes and procurement matters that had been approved by the Executive Committee, Investment Panel or Procurement Executive Panels up to end October 2016.

**16/166 COMPANY SECRETARY'S REPORT**

Suzanne Wise presented paper 90/16.

The Board:

- **APPROVED** the appointment of Jeremy Westlake, Samantha Pitt, Mathew Pallett and Paul Marshall as attorneys for Network Rail Infrastructure Limited on the terms set out in the paper;
- **RATIFIED** the sealing authorities as set out in the paper; and
- **NOTED** the governance and corporate law developments.

**16/167 BOARD FORWARD AGENDA**

The proposed January 2017 Board agenda was discussed.

**16/168 DATE OF NEXT MEETING**

The next Board meeting was confirmed for 26 January 2017 in Birmingham.

**16/169 ANY OTHER BUSINESS**

The Board requested:

- that the regulatory escalator be reinstated in the Board Report for future meetings; and
- an update on employee relations be provided at the next meeting.

**MC**  
(Clive  
Berrington)

**MC**  
(Ian Iceton)

There being no further business the Chair closed the meeting.

..... CHAIR