

**MINUTES OF A MEETING OF THE BOARD
OF
NETWORK RAIL LIMITED
held at Boardroom, 1 Eversholt Street, London
on
Monday 19 October 2015 at 11.30am**

Present: Sir Peter Hendy (Chair) Mark Carne
Malcolm Brinded Chris Gibb
Richard Brown Janis Kong
Patrick Butcher Bridget Rosewell

In attendance: Suzanne Wise – Company Secretary
Stuart Kelly – Deputy Group General Counsel
Anthony Odgers - Shareholder Executive
Dominic Baldwin (min 15/126)
John Halsall (min 15/127)
Susan Cooklin (min 15/129)
Barney Wyld (min 15/130)
Andy Gent (15/131)

Apologies Sharon Flood Paul Plummer
Michael O’Higgins

MINUTE NO.		ACTION
15/122	CHAIR’S OPENING REMARKS	

The Chair welcomed the Board and opened the meeting.

15/123 PREVIOUS MINUTES

The minutes of the Board meeting of 22 September 2015 were approved subject to some minor adjustments.

15/124 ACTION LIST

The Action list was reviewed and updated. Noting specifically:

Minute 15/113.2 Board Report – P5 – PPM Targets – The Board discussed the misalignment of train operators’ PPM objectives and those of Network Rail. The Board requested a briefing note that explained those misalignments. **MC (JK)**

Minute 15/82 – Business Operations – Board Report – P1 – SW Trains Alliance - The Board requested that the review of the lessons learned from the Wessex Alliance be brought to the Board in November 2015. **MC (JK)**

15/125 DIRECTORS’ CONFLICTS OF INTEREST

There were no new potential conflicts of interest identified. The Chair confirmed he had reviewed the list of Director’s outside interests.

BUSINESS OPERATIONS

15/126 CIPD ACTION PLAN UPDATE

Dominic Baldwin presented paper 56/15.

This paper provided the Board with an update on the action plan that followed on from the findings and the recommendations of the Critical Infrastructure Project Delivery Committee. The plan sought to embed the lessons learned and the best practice into *business as usual* practices. It was noted significant progress had been

made to close all the actions and that the plan was for all of these to be closed by the Christmas period.

The Board **NOTED** the action plan.

The Board discussed the works planned for the Christmas 2015 period which represented approximately a 50% increase in volume of "red" sites compared to the same period last year. In particular the work planned between Reading and Paddington, which related to Crossrail and London Bridge, was discussed.

The Board requested confirmation that the Christmas timetable for all operators affected by works was available for passengers.

MC(DB)

The next meeting of the Critical Infrastructure Project Delivery Committee is scheduled for 10 December 2015. The Board discussed the attendees which are required at this meeting.

15/127 WESSEX ROUTE – BUSINESS UPDATE

John Halsall presented a business update for the Wessex Route, providing an oversight of Route safety; train performance; the current challenges; and its focus and future aspirations. It was noted that the key targets whether in safety or train performance were all improving although there was more to be done. The Route was commended for their approach to improving safety via the safety workshops. The Route was also encouraged to share best practice and to identify ways to ensure improvements are not just delivered in the one Route. Lessons from the Alliance were also discussed.

15/128 BOARD REPORT – P6

Mark Carne presented paper 57/15.

Safe work leader

The current status and the challenges of the safe work leader programme were discussed.

Plumpton level crossing

An update was provided to the Board on the continuing planning permission issues connected with the safety and renewal work at Plumpton level crossing.

Performance

Train performance improved and continued to show encouraging signs. This was demonstrated in the presentation from the Wessex Route, but was equally applicable to other Routes. The paper tabled at the NTF on Autumn would be circulated to the Board.

MC (PH)

LNW had ended the period at 92.5% PPM which was the best in 5 years. Delays attributable to Network Rail were 51%, which was considerably lower than historical averages. Contributory factors to this improvement included reducing outstanding works orders from 7% down to 3%. Delays per incident were noted as flattening off. The increasing numbers of trespass and suicide related delays were discussed. The performance of LSE and the operator challenges relating to the availability of drivers in this particular route was noted.

The Board discussed the tension between the continued growth of the railway which was almost double that assumed for CP5 (and the reduced access to carry out work that came from this growth), with the demands for improving performance. The Route Managing Directors are all making progress and, save for temporary speed restrictions (TSRs), measures were heading in the right direction. A briefing note on train performance, key trends and in particular green shoots would be prepared for use by the Board.

MC (BW)

Enhancements

MC

The Board requested an update paper on the Tram Train Pilot.

The exchange of correspondence between the Chair and the Secretary of State unpausing the MML and TPE electrification schemes was noted. The contents of a further letter which had been received from the ORR regarding the conclusion of their investigation into the delivery of the enhancements portfolio were also discussed.

Renewals

The CRI year end forecast status was now more optimistic than in previous periods. There have been improvements and the Routes were becoming more efficient. The CEO's letter to Lillian Greenwood, the Shadow Secretary of State for Transport, which discussed efficiency, would be shared with the Board.

MC

A paper on the status of the high output track renewals programme would be brought to the Board at a subsequent meeting.

MC

The Board discussed TSRs. An extract from the Executive pack which provides a status overview of TSRs would be shared with the Board and added to the Board pack.

MC

The Board also discussed the Chief Executive's appearance before the Public Accounts Committee on Wednesday 21 October 2015.

Regulatory Escalator

The Board reviewed the ORR Regulatory Escalator and noted that consideration was being given to use of a similar mechanism for safety concerns.

Matrix evolution

The most likely options for the evolution of the organisation matrix model were discussed and supported by the Board. The next action was that the proposals would be set out in writing to show a clear direction of travel.

STRATEGIC THEMES

15/129

BUSINESS PLAN 2015

Patrick Butcher presented paper 59/15. Broadly the financial position in the plan had not materially changed from the previous version in July 2015 with only minor movements in the enhancements. The complexity presented by a range of accounting procedures has been accommodated and a stable model presented in this paper.

The Board discussed the balancing of expenditure with a proposed asset disposal programme and the maintenance of a lower loan buffer, in order to substantially deliver the CP5 enhancement programme. It asked for progress on the efficiency programme to be set out in the CEO Board Report.

The Board discussed the size of the loan buffer in the event the Business Plan is accepted in its current shape. The Board was uncomfortable with the 0.5% contingency within this loan buffer and requested that this be made clear in the paper and discussions with the ORR and DfT.

Malcolm Brinded provided an update on the SHE Committee's review of the renewals deferral proposals. It being noted that following detailed analysis it appeared that there were minimal safety concerns with the proposal for the renewals deferrals, although detailed plans would still need to be examined, especially where

more uncertainty exists in condition data (specifically earthworks). It was noted that potential deferral of further renewals volume should also not prima facie be precluded on the grounds of safety concerns.

The Board discussed the PPM targets within the Business Plan and it was agreed that the impact of higher passenger growth than that which had been assumed for CP5 would be clearly recorded in the plan.

PB

Consideration would be given to a process to provide the Board with regular updates tracking delivery of the Business Plan and in particular deliveries of the various efficiencies.

The Board **APPROVED** the proposed Business Plan and provided comments on the paper with a view to it being shared with the ORR and DfT.

Mark Carne gave an update on the Bowe and Hendy Review.

Mark Carne presented paper 60/15. This paper set out Network Rail's submission to the Shaw Review team. The Board **ENDORSED** the narrative of the draft submission subject to some further minor additional comments and suggestions which would be considered.

15/130 BUSINESS PLAN 2015 CONTD

Paper 61/15 was withdrawn and will be included in the November meeting.

APPROVAL

15/131 COMMITMENT / CONTRACT – EAST WEST RAIL PHASE 2 ALLIANCE

Andy Gent presented paper 62/15.

The Board discussed the status of the scope of the project and the fact that this was a clear example of where an integrated team (with the DfT, and a train operator representative) could devise the best and clearest scope. This project would be used as an example in discussions with the DfT.

The Board **APPROVED** the award of a Project Alliance Agreement for East West Rail Phase 2 and Authority was delegated to Executive Committee to call off section awards.

The Board commended the Company for entering into an alliance arrangement so early in the project and suggested that to ensure best prices were delivered and soft targets not agreed that the milestones and target pricing be challenged and reviewed independently and/or audited.

15/132 ANY OTHER BUSINESS

AUTHORISED SIGNATORY LIST UPDATE

Suzanne Wise presented paper 63/15. The Board **AUTHORISED** the holders of specified job roles to sign certain legal documents under Network Rail Infrastructure Limited official seal, and equivalent Scottish documents under hand.

A note would be provided to the Board on delegations of authority and approval levels.

SEW (SK)

15/133 DATE OF NEXT MEETING

The next Board meeting was confirmed for 25 November 2015.

FOR INFORMATION – DISCUSSION BY EXCEPTION ONLY

15/134 COMMITTEE REPORTS

NOMINATIONS AND CORPORATE GOVERNANCE – 14 OCTOBER 2015

Janis Kong presented paper 64/15. The Board **APPROVED** and endorsed the proposals for Committee Membership as set out in the paper.

MPDC – EIP Summary document/target audience

Malcolm Brinded provided a verbal update. The Enhancements Improvement Programme document should be available at the same time as the Hendy Review.

15/135 PROJECT MOUNTFIELD

Paper 65/15 was noted.

15/136 BOARD FORWARD AGENDA

Suzanne Wise discussed the forward agenda. It was agreed that the Western Route and GWEP would be asked to present to the Board in Swindon at the next meeting.

There being no further business the Chair closed the meeting.

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CHAIR