

**MINUTES OF A MEETING OF THE BOARD
OF
NETWORK RAIL LIMITED
held at The Quadrant, Elder Gate, Milton Keynes MK9 1EN
on
Thursday 26 October 2017 from 09:30am**

Present:	Sir Peter Hendy (Chair) Rob Brighthouse Richard Brown (part) Mark Carne (part) Sharon Flood	Chris Gibb Silla Maizey Michael O'Higgins Bridget Rosewell Jeremy Westlake
In attendance:	Steve Davey – Secretary Michael Harrison – UKGI observer Stuart Kelly – Group General Counsel & Company Secretary Jo Kaye – observer (and min 17/175) Phil Hufton (min 17/170) John Halsall (min 17/171) Janice Crawford (min 17/171) Paul Harwood (min 17/171) Susan Cooklin (min 17/172) Andrew Haynes (mins 17/173 and 17/174) Matt Steele (mins 17/173 and 17/174) Francis Paonessa (mins 17/173 and 17/174(part)) Denise Wetton (min 17/176)	
MINUTE NO.		ACTION
17/164	<p><u>Safety Briefing</u></p> <p>The Board was briefed on the safety arrangements for the day and the office environment.</p>	
17/165	<p><u>Chair's Remarks</u></p> <p>The Chair reflected on the publication on 12 October 2017 of the Statement of Funds Available (SoFA) for CP6 and the significant level of investment in the railway this represented. The Board welcomed the collaborative working that had occurred and the support from DfT and HM Treasury.</p> <p>The Chair welcomed the recent senior-level DfT appointments.</p> <p>The Chair commented on the successful Network Rail leadership conference and reiterated his support for Mark Carne's speech at that conference, particularly the focus on gender equality and the planned improvement to site welfare facilities.</p> <p>It was recognised that the DfT was focussing on audit and assurance. Network Rail would engage with the DfT Audit Committee on financial risk management.</p> <p>The expected National Infrastructure Commission review of overall UK freight strategy was noted.</p> <p>The introduction of the new Thameslink services was discussed. The Board acknowledged the work of Chris Gibb and the industry readiness board in seeking to secure a deliverable service introduction plan.</p> <p>The Board was provided with an update on the progress towards setting up the East West Rail Company. The Board discussed the importance of the relationship that new company would need to have with Network Rail's System Operator.</p>	

17/166	<p><u>Minutes of the previous meeting</u></p> <p>The minutes of the meeting held on 21 September 2017 were approved.</p>	
17/167	<p><u>Action List</u></p> <p>The action list was discussed.</p> <p>17/145: IP Review. The main IP review was expected in the first half of 2018. The Chief Executive would provide an update at the next Board meeting.</p> <p>17/82: Early cost estimates for projects. The funding for the projects identified as Hendy projects for development was discussed. Mark Carne would confirm the outline of an intended order of priority for the identified schemes.</p>	<p>MC</p> <p>MC</p>
17/168	<p><u>Directors' Interests</u></p> <p>Richard Brown confirmed he had retired from the DfT Board.</p>	
17/169	<p><u>CEO Report, Board Report, CFO Report, Finance Report</u></p> <p>1. <u>CEO Board Report</u></p> <p><u>Public Accounts Committee</u> The Board noted that Mark Carne and Rob McIntosh were due to appear before the Public Accounts Committee on 30 October 2017. This appearance related to the Sheffield tram train project.</p> <p><u>Improving the railway</u> There was discussion of the cross-industry campaign (led by RDG) which was due to launch on 30 October 2017 on: improving the railway, particularly the transformation to be experienced by communities and passengers; and including Network Rail's commitment to make the railway run better.</p> <p><u>SoFA</u> The SoFA was discussed. Network Rail remained focused on delivering its business plan, and meeting the plan and its commitments.</p> <p><u>IEP trains on EGIP</u> The new Hitachi trains for EGIP had completed a successful test run.</p> <p><u>Performance report</u> Seasonal treatment: there was a discussion about seasonal treatment including the timing and the approach taken by different routes.</p> <p><u>GWEP</u> The disruption and challenges of late notice possessions were discussed; particularly the issue of notifying ticket holders who had purchased advance tickets. Whether more could be done through approaching ticket sellers would be explored through RDG.</p> <p>2. <u>Transformation & Efficiency Programme</u></p> <p style="text-align: center;"><i>Ian Iceton joined the meeting</i></p> <p>There was a presentation to update the Board on the Transformation & Efficiency Programme. There was a discussion of milestones, metrics and audit. The Board wanted to receive updates on the efficiencies delivered by the programme as part of the normal Board reporting process.</p> <p>The Board considered the culture scorecard and how the programme would measure cultural change. The Board asked for a paper to address this to</p>	<p>JW</p> <p>MC (II)</p>

	<p>accompany the paper expected on the Your Voice survey results and action plan in early 2018.</p> <p style="text-align: center;"><i>Ian Iceton left the meeting</i></p> <p>3. <u>Strategic Business Plan - update</u></p> <p>The Board discussed paper 107/17.</p> <p>It was noted that no SoFA had yet been published for Scotland. Network Rail was planning on the basis of sufficient levels of expenditure for operation, maintenance and renewal.</p> <p>There was a discussion about route-based regulation, accounting rules and inflation risk.</p> <p>4. <u>CFO Finance Report</u> The Board discussed the P6 CFO report.</p> <p>In particular, the Board noted the progress on Project Condor and thanked David Biggs, his team and the Property Supervisory Board for their contributions and efforts.</p> <p>There was a request that future CFO Finance Reports to the Board include a summary from the Property Supervisory Board.</p>	JW
17/170	<p><u>Contingency planning update action</u></p> <p style="text-align: center;"><i>Phil Hufton joined the meeting.</i></p> <p>The Board had a detailed discussion on paper 108/17, which provided an update on contingency planning arrangements.</p> <p>The Board noted and commended the work that was being done and the level of progress that had been made.</p> <p style="text-align: center;"><i>Phil Hufton left the meeting.</i></p>	
17/171	<p><u>Route presentation: South East</u></p> <p style="text-align: center;"><i>John Halsall, Janice Crawford and Paul Harwood joined the meeting.</i></p> <p>John Halsall was supported by Janice Crawford and Paul Harwood in discussing with the Board presentation 109/17. This included route safety, train performance, project delivery and customer relationships.</p> <p>The successes across the route in the previous year were reviewed. There was also detailed discussion of the challenges and opportunities ahead; in particular spending the extra £300m for the Brighton Main Line amongst other things, and the CP6 funding for maintenance and renewals, and the state of readiness of the Route management, supply chain and possession strategy. The transformational effects of the delivery of the Thameslink project milestones were discussed.</p> <p style="text-align: center;"><i>John Halsall, Janice Crawford and Paul Harwood left the meeting.</i></p>	
17/172	<p><u>ExCom Presentation – Route Services</u></p> <p style="text-align: center;"><i>Susan Cooklin joined the meeting.</i></p> <p>Susan Cooklin led a discussion on presentation 110/17 with the Board.</p> <p>The discussion focussed on the Route Services directorate and its strategy. This</p>	

	<p>included improving relationships with the Routes. Sourcing models, commerciality and competition were also discussed.</p> <p>It was noted that Route Services had delivered efficiencies and the Board asked for a more detailed note setting these out.</p> <p style="text-align: center;"><i>Susan Cooklin left the meeting.</i></p>	<p>MC (SC)</p>
<p>17/173</p>	<p><u>Crossrail On Network Work Portfolio</u></p> <p style="text-align: center;"><i>Francis Paonessa, Andrew Haynes and Matt Steele joined the meeting.</i></p> <p>The Board discussed paper 115/17.</p> <p>The Board was provided with an update on the portfolio, funding and available contingency.</p> <p>The Board AUTHORISED the investment as requested in the paper.</p>	
<p>17/174</p>	<p><u>Procurement in Network Rail</u></p> <p>Andrew Haynes and Matt Steele gave a presentation linked to paper 114/17. There was a lengthy discussion with the Board on the current supply chain and the procurement strategy for CP6 across the whole of Network Rail.</p> <p>There was a discussion on benchmarking and the level of savings and efficiencies Network Rail expected to realise as a result of its procurement strategies. The Board challenged the anticipated level of savings and asked for this to be reviewed and reported to the Board.</p> <p style="text-align: center;"><i>Mark Carne left the meeting.</i></p> <p>The Board briefly discussed the track contracting strategy and noted that a track strategy paper was expected at the November Board meeting where this would be discussed further.</p> <p style="text-align: center;"><i>Richard Brown and Francis Paonessa left the meeting.</i></p> <p>Supplier management was discussed and the Board asked for more detail to be presented on Network Rail's strategy for supplier management, the capability to deliver that strategy and the use of industry groups and national and local SME forums.</p> <p>Signalling renewals strategy was discussed. The Board asked for confirmation that this and the Digital Railway strategy were to be treated as one issue in CP6, and asked for that to be confirmed in the Digital Railway strategy which was due to be presented at the November Board meeting.</p> <p>The renewals strategy was debated.</p> <p>The Board asked for a paper to be presented at a Board meeting early in 2018 to give an update on matters arising from this discussion and procurement strategy in Network Rail generally.</p> <p style="text-align: center;"><i>Andrew Haynes and Matt Steele left the meeting.</i></p>	<p style="text-align: center;">MC (AH)</p> <p style="text-align: center;">MC (AH/MS)</p> <p style="text-align: center;">MC (DW)</p> <p style="text-align: center;">MC (AH/MS)</p>
<p>17/175</p>	<p><u>System Operator Governance Framework</u></p> <p>The Board discussed paper 111/17. The System Operator had been established in May 2017 as a business unit within Network Rail, in support of devolution, with the purpose of ensuring that the network was planned and managed fairly and optimised. This business unit would be separately regulated by ORR in CP6.</p>	

	<p>The proposed governance structure for the System Operator, to maintain the distinct but connected nature of the System Operator within Network Rail, was discussed.</p> <p>The Board requested a briefing note that could be used as an effective means of explaining how the System Operator would make decisions.</p> <p>The Board supported the intention to establish a governance framework (including the System Operator Advisory Board) and to run in ‘<i>shadow mode</i>’ as soon as practicable in readiness for the beginning of CP6. To this end the Board members’ assistance would be solicited and from such cohort the Network Rail member on the System Operator Advisory Board would be identified. In parallel the other members of the System Operator Advisory Board would be ascertained. In the case of independent members this would be through the proposed fair and transparent process.</p> <p>The Board</p> <ul style="list-style-type: none"> • APPROVED the System Operator Advisory Board’s remit proposed in the paper; and • AGREED the wider System Operator governance framework proposed in the paper. 	<p>MC (JK)</p>
<p>17/176</p>	<p><u>Route Supervisory Board Review</u></p> <p><i>Denise Wetton joined the meeting.</i></p> <p>The Board discussed paper 112/17.</p> <p>In October 2016 the Board had endorsed the creation of a pilot route supervisory board. On completion of the pilot period an independent effectiveness review was commissioned. The paper presented the outcomes of this review.</p> <p>The paper also presented the roll out of the overall supervisory board structure and the timetable. The route supervisory boards did not have responsibility for safety and this would be re-emphasised in all their terms of reference.</p> <p>The Board discussed how the learnings and experiences between the various route supervisory boards would be shared. The Chair would decide how and how often to convene a meeting with the chairs of the route supervisory boards.</p> <p><i>Denise Wetton left the meeting.</i></p>	<p>MC (DWetton)</p> <p>PH</p>
<p>17/177</p>	<p><u>Third Party Funding & Financing – summary of Route positions</u></p> <p>The Board discussed paper 113/17. The importance of the link between third party funding and financing and the System Operator was noted.</p> <p>The Board asked for a paper to be presented to the February 2018 Board meeting to summarise progress in this area.</p>	<p>JW</p>
<p>17/178</p>	<p><u>Committee updates</u></p> <p>Bridget Rosewell provided an update on the recruitment process for an additional member of the Board.</p>	
<p>17/179</p>	<p><u>Prosecution Report & Incident Map</u></p> <p>The Board noted paper 116/17.</p>	

17/180	<p><u>Executive Committee & Panel Approvals</u></p> <p>The Board discussed the contents of paper 117/17.</p> <p>From the September Investment Panel:</p> <p><u>Croydon area remodelling scheme</u> was briefly discussed and it was noted that the delivery of the outputs from this scheme was linked to the successful delivery of other schemes.</p> <p><u>Millerhill scheme</u> was also discussed; further information was requested to be circulated to board members.</p>	MC (JK)
17/181	<p><u>Board forward agenda – November</u></p> <p>The Board noted the draft agenda for its November meeting.</p>	
17/182	<p><u>Transformation in action – examples from across NR</u></p> <p>The Board noted paper 118/17.</p>	
17/183	<p><u>Date of next meeting</u></p> <p>The next scheduled Board meeting was 23 November 2017 in Westwood. The Board strategy day was to be on 22 November, time and location to be confirmed.</p>	
17/184	<p><u>Any Other Business</u></p> <p>There was a discussion about the recently-announced Alstom Siemens intended merger. The Board asked for a note on this topic and Network Rail's strategy to be circulated at the appropriate time.</p>	JW

There being no further business the Chair closed the meeting at 16:30.

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Chair