

**MINUTES OF A MEETING OF THE BOARD OF
NETWORK RAIL LIMITED**
held at George Stephenson House, Toft Green, York, YO1 6JT
on Thursday 18 October 2018 from 08:30

Present:	Sir Peter Hendy (Chair) Rob Brighthouse Richard Brown Sharon Flood Chris Gibb Andrew Haines	Silla Maizey David Noyes Mike Putnam Bridget Rosewell Jeremy Westlake
In attendance:	Kirsty Ivanoski-Nichol – Head of Transparency, Ethics & Data Protection Stuart Kelly – Group General Counsel & Company Secretary Ashleigh Lopia – Executive Assistant, Board Helen Martin – Senior Assistant Company Secretary Caroline Murdoch – Director, Corporate Communications Jo Kaye (mins 18/171) Paul McKeown (min 18/172) Rob McIntosh (min 18/173) Clive Berrington (min 18/174) Susan Cooklin (min 18/174) Eoin O’Neill (min 18/174) Francis Paonessa (min 18/174 and 18/179) Matt Steele (min 18/174) Joe Guy (mins 18/175 and 18/176) Alison Rumsey (mins 18/175 to 18/177) Kris Kinnear (min 18/179) (by phone)	
Apologies:		
MINUTE NO.		ACTION
18/164	<p><u>Safety briefing</u></p> <p>There was a briefing on the safety and emergency evacuation procedures for George Stephenson House.</p>	
18/165	<p><u>Chair’s remarks</u></p> <p>The Board discussed:</p> <ol style="list-style-type: none"> 1. The Williams Review of the rail industry and the terms of reference which had been published on 11 October 2018. The Board noted the membership of the Expert Challenge Panel. The Board would discuss this further at its informal meeting in November. 2. The Crossrail programme. 3. The East West Rail project, noting that interviews for key appointments were under way. The Board also discussed the programme interfaces between EWR and Network Rail. 4. The proposals to create a closer working relationship between Network Rail and LCR on property matters. 	

18/166	<p><u>Minutes of the previous meeting</u></p> <p>Subject to some minor amendments, the minutes of the meeting held on 20 September 2018 were approved.</p>	
18/167	<p><u>Action list</u></p> <p><u>Action 18/61 – property strategy</u> The Board noted the update. The broader property strategy would be presented at a future meeting.</p>	Jeremy Westlake
18/168	<p><u>Directors' interests</u></p> <p>The Directors provided updates on their external interests.</p>	
18/169	<p><u>Chief Executive's Board Report</u></p> <p>The Board noted the clarity, honesty and comprehensive nature of the new report with enthusiasm. Amongst other things, the Board discussed:</p> <ol style="list-style-type: none"> 1. The accident at Calverley (LNW) on 19 September 2018. The Board would discuss this further when the investigation was complete and the recommendations were known. 2. The incident on the evening of 16 October 2018 when a high speed test train travelling between London and Bristol damaged overhead power lines in the Hanwell area, causing significant disruption for passengers. The circumstances surrounding this incident were being investigated. 3. A solution to the electromagnetic interference problems on the Hitachi Intercity Express trains had been identified and was being progressed. 4. Progress towards the CP6 Final Determination. 5. Concern over Wessex train performance, and progress being made by the Route and South Western Railway to improve it. 6. The successful completion of a 79-day improvement project at Derby station, which included the remodelling of track and signalling systems, a new station platform and the extension of an existing footbridge. 7. Progress on the Stirling-Dunblane-Alloa electrification. 8. The success of the "You v Train" campaign which aimed to reduce the number of accidental death and injuries caused by trespassing on the rail network. The number of incidents during the campaign reduced by nearly 50%. The Board welcomed this reduction. 	Jon Shaw
18/170	<p><u>Chief Financial Officer's Report</u></p> <p>The Board discussed the Chief Financial Officer's report, in particular:</p> <ol style="list-style-type: none"> 1. The financial performance of the business. 2. The current status of: <ol style="list-style-type: none"> a. the CP6 financial framework, including the enhancements fund; b. the asset disposal programme; c. the Core Valley Lines in Wales; 3. The timing of the next government spending review. This would be discussed further at a future meeting. 	Paul Marshall

	<p>4. Progress on the Open for Business initiative and the work being done under it.</p> <p>The Board welcomed the update on efficiencies.</p>	
<p>18/171</p>	<p><u>Timetable and System Operator Update</u></p> <p><i>Jo Kaye joined the meeting.</i></p> <p><u>Timetable update</u></p> <p>Paper 102/18 updated the Board on the December 2018 ‘hybrid’ and the May 2019 timetable processes, and provided an overview of the assurance work being undertaken by the Timetable PMO.</p> <p>The December 2018 timetable had been offered to operators in line with the revised plan, and operators were working on their detailed operational readiness plans.</p> <p>Despite the Timetable PMO’s best efforts, several late requests for timetable changes had been received. Those had been reviewed and evaluated for operational imperative and rejected or accepted as appropriate.</p> <p>The Timetable PMO was undertaking a series of ‘deep dives’ with operators, which had proved helpful for assessing readiness for the timetable change, as well as highlighted inter-dependencies between operators.</p> <p>On a separate but related topic, the Board noted that in December 2018 GTR was expecting to run additional passenger services that had originally been scheduled to operate from May 2018.</p> <p>Work had commenced on the May 2019 and December 2019 timetable changes.</p> <p>The Board discussed the need to review the train service commitments contained in franchise agreements, as some of those commitments across the network may conflict. While Network Rail did not have the locus to undertake the review, the Company was keen to assist with any such review.</p> <p>The Board discussed progress on resourcing levels and recruitment in the timetabling team.</p> <p>The Board recognised that the timetabling team had been working under considerable pressure for many months, and recorded its thanks to the team for all their hard work under difficult circumstances.</p> <p><u>System Operator update</u></p> <p>The second part of paper 102/18 provided an update on the development of the System Operator function, and recommended next steps which reflected the findings set out in Part 1 of the ORR Inquiry into the May 2018 network disruption.</p> <p>The Board noted that their views on the future shape and purpose of the System Operator would be sought outside of the meeting. The Board also noted that while some activities could commence straight away, others would depend upon the outcome of Keith Williams’ rail industry review. The Board would discuss this further at its strategy meeting in January 2019.</p> <p><i>Jo Kaye left the meeting.</i></p>	<p>Jo Kaye</p>

<p>18/172</p>	<p><u>Capital Delivery improvement programme – intelligent client</u></p> <p><i>Paul McKeown joined the meeting.</i></p> <p>The Board reviewed paper 103/18. The Board confirmed that while it had not endorsed the Capital Delivery Implementation Programme scope, it had agreed that work on developing the “intelligent client” should proceed without waiting for the outcome of the ‘100 day’ review.</p> <p>The Board emphasised that in defining the role of the sponsor, it was important to align the competency and skills required for the role with its accountabilities. Allied to this was a need to ensure that accountabilities were clear and not duplicated across different roles.</p> <p>The Intelligent Client workstream would update the Board on the outcome of the South East route pilot and proposed national implementation plan. That update would include a practical, granular plan for developing the sponsor role capability within Network Rail.</p> <p><i>Paul McKeown left the meeting.</i></p>	<p>Paul McKeown</p>
<p>18/173</p>	<p><u>Route review – London North East & East Midlands</u></p> <p><i>Rob McIntosh joined the meeting.</i></p> <p>The Board discussed paper 104/18. In particular, the Board noted that:</p> <ul style="list-style-type: none"> • The tram-train between Sheffield and Rotherham was due to commence service on Wednesday 25 October. • Workforce safety continued to improve. Efforts were being made to embed and sustain the behaviours that had delivered that improvement. • Northern continued to experience train performance issues, which had contributed to poor train performance on LNE&EM. • For the East Coast Main Line services were being procured that related to the digital railway, and a long-term partner with early industry involvement for this programme was being sought. • An outline plan for the Trans-Pennine upgrade works had been agreed with the DfT. It was expected that benefits for passengers would be delivered upon completion of each tranche of work. • Work was progressing to develop the role of sponsor. This was a complex and challenging role which required a varied skill set. Not only was it important to train the right people to become sponsors, it was also important to pair the right sponsor with the right client. • Work on CP6 readiness was continuing, with the LNE&EM Route Managing Director reviewing progress each month. The Office of Rail and Road had also reviewed the Route’s approach to CP6 readiness. • The age profile and relative lack of diversity of LNE&EM gave some cause for concern, although this was being addressed. <p><i>Rob McIntosh left the meeting.</i></p>	

<p>18/174</p>	<p><u>Procurement and Contracting</u></p> <p><i>Clive Berrington, Susan Cooklin, Eoin O'Neill Francis Paonessa and Matt Steele joined the meeting.</i></p> <p>Paper 105/18 responded to some questions and challenges posed by the Board during a presentation in May 2018 on the way commercial and procurement activities were managed within Network Rail.</p> <p>The Board discussed:</p> <ol style="list-style-type: none"> 1. The existence of an ambitious plan to improve the maturity of the commercial and procurement function within and across Network Rail, and to enhance contract management capability. The Board asked for: <ol style="list-style-type: none"> a. a further update on the Procurement strategy, with an assessment of the evolving maturity of the function; and b. detail of how that capability would be developed and embedded sustainably in the business. 2. That an analysis of spend across the business had identified issues to be addressed and opportunities to be exploited. 3. How the outcome of the '100 day' review would inform decisions on the split of procurement and contract management accountabilities between the Routes and the centre. 4. How suppliers were being incentivised to deliver against contracts, and to comply with Network Rail's diversity and inclusion requirements and its environment and sustainability plan. 5. How different sources of efficiency were incentivised, and how performance was tracked and benchmarked. 6. Network Rail's use of different contracting models, and the assessments made to identify the most appropriate model. The Board emphasised the importance of early engagement with the supply chain when planning works. 7. The plan to develop a coordinated business-wide approach to whole-life cost, which would help to drive better commercial thinking across teams. The Board asked to see that plan. <p>The Board asked for a note setting out the social and economic benefits Network Rail had delivered in its work with the supply chain, such as committing to pay suppliers within 28 days, contractual commitments to biodiversity, etc.</p> <p><i>Clive Berrington, Susan Cooklin, Eoin O'Neill Francis Paonessa and Matt Steele left the meeting.</i></p>	<p>Susan Cooklin</p> <p>Susan Cooklin</p> <p>Caroline Murdoch</p>
<p>18/175</p>	<p><u>Apprentices' funding review – latest developments</u></p> <p><i>Joe Guy and Alison Rumsey joined the meeting.</i></p> <p>The Board discussed paper 106/18 which outlined Network Rail's apprenticeship landscape. In particular that:</p> <ol style="list-style-type: none"> 1. The gender diversity of the apprentice cohort had improved, although there was more scope for improvement; 2. The age profile of those taking apprenticeships was becoming wider; 	

	<p>3. Steps were being taken to improve the apprenticeship experience, by allocating buddies to apprentices and encouraging line managers to engage with apprentices throughout their training;</p> <p>4. Work was being done to ensure that the apprentices being recruited graduated with the skills and knowledge that the business required by, for example, devising the training to simulate the roles that apprentices would fulfil;</p> <p>5. It was sometimes challenging for the supply chain to fund apprenticeships up front, when they had no certainty of their future work bank;</p> <p>6. Network Rail should promote the benefits of studying STEM subjects to young children and their parents; engage with children before they selected their exam subject choices; and offer work experience placements to schools. It was also important to emphasise that studying vocational apprenticeships was as valid a choice as pursuing academic studies at university.</p> <p>The Board would receive a further update on Network Rail's apprenticeship landscape in the latter half of 2019.</p>	Alison Rumsey
18/176	<p><u>Talent and Succession Planning</u></p> <p>Paper 107/18 updated the Board on progress towards improving talent and succession planning for the Executive Leadership Team and other business critical roles.</p> <p>Amongst other things, the Board discussed:</p> <ol style="list-style-type: none"> 1. The challenges of identifying and nurturing talent in a devolved organisation, not least ensuring that employees had access to opportunities across the whole business. 2. How the outcome of the Chief Executive's 100 day review might impact upon the future work programme. 3. The breadth of specialist talent compared with relatively fewer 'generalists' in the business. <p>The Board asked for an update on the career paths and current role of those who completed the graduate scheme over the last ten years.</p> <p>The Board welcomed the pace at which this work programme was progressing.</p> <p><i>Joe Guy, Kirsty Ivanoski-Nichol and Ashleigh Lopia left the meeting.</i></p>	Alison Rumsey
18/177	<p><u>Pay review for Bands 5-8</u></p> <p>The Board discussed the upcoming pay review for Bands 5-8.</p> <p><i>Alison Rumsey left the meeting.</i></p>	
18/178	<p><u>Network Rail Audit Opinion</u></p> <p><i>Kirsty Ivanoski-Nichol and Ashleigh Lopia re- joined the meeting.</i></p> <p>The Board discussed paper 108/18, a letter to the Chief Executive from the Permanent Secretary at the Department for Transport concerning the assurance rating that Network Rail's Internal Auditor had provided on the adequacy and effectiveness of Network Rail's governance, risk management and control framework.</p> <p>The Chief Financial Officer explained to the Board why this assurance rating had been provided in the past and why it had also been applied in respect of 2018. He commented that several of the topics assessed had improved (eg, business continuity</p>	

	<p>management and capital project cost overruns) albeit this had been more slowly than anticipated. However some new areas of focus (eg, timetabling) had been a drag to an improved rating. .</p> <p>The Board noted the Chief Financial Officer's response.</p> <p>The Chair of the Audit & Risk Committee reported that that Committee was keen to see evidence of improvement on the assurance issues raised. Whilst the Committee was aware of progress being made on a number of areas it was disappointed at the slow progress in demonstrating this both to the Committee and other stakeholders. It was anticipated that the Director of Internal Audit would address this at the half year review of the group assurance process which would take place at the November ARC.</p> <p>At its November 2018 meeting the Audit & Risk Committee would review the issues that had been raised in the assurance review, consider the progress made and how those improvements had been embedded within the business.</p> <p>Responding to a comment in the letter from the DfT, the Chief Financial Officer confirmed that he had asked that Network Rail's risk register be shared periodically with the DfT.</p>	
<p>18/179</p>	<p><u>CP6 Renewals & Enhancement Framework Contract – Lots 2 & 3</u></p> <p><i>Kris Kinnear and Francis Paonessa joined the meeting.</i></p> <p>Paper 109/18 sought approval to award Lots 2 and 3 of the IP SNE CP6 renewals and general enhancements framework. This was a zero value framework, that would have call-offs against it within the relevant geography.</p> <p>The Board noted that it had previously approved this procurement strategy and that the procurement process had now been completed.</p> <p>Following discussion, the Board:</p> <ol style="list-style-type: none"> 1. APPROVED the award of Lots 2 and 3 under this framework agreement as set out in paper 109/18; and 2. DELEGATED APPROVAL of enhancement framework agreements to Andrew Haines or Jeremy Westlake provided that they had assured themselves that all relevant governance had been complied with. <p><i>Kris Kinnear and Francis Paonessa left the meeting.</i></p>	
<p>18/180</p>	<p><u>Disposal of the commercial estate - delegated Authority to sign documents</u></p> <p>The Board reviewed paper 110/18.</p> <p>Following discussion, the Board DELEGATED AUTHORITY to Rebecca Cunningham (Programme Manager, Infrastructure Projects) and John Brown (Project Manager, Property) to:</p> <ol style="list-style-type: none"> 1. Witness the seal of Network Rail Infrastructure Limited (the "Company") impressed on any documents (the "Transaction Documents") to be entered into between the Company and the purchaser selected by Network Rail Limited to acquire Network Rail's Commercial Estate (the "Transaction"); and 2. Sign or initial any plans or schedules that are to be attachments to or referred to as appendices to the "Transaction Documents" <p>subject to the relevant Transaction Documents having first been approved by a Board Director of Network Rail Infrastructure Limited.</p>	

	<p>Following discussion, the Board further DELEGATED AUTHORITY to Stuart Kirkwood (Director, Development, Property) and Harriet Hepburn (Director, Corporate Finance and Business Development) to sign and/or date any and all Transaction Documents, and take or procure to be taken any act or step considered by him (or her) in his (or her) absolute discretion to be necessary, desirable or expedient in connection with the Transaction and/or the Transaction Documents (including agreeing any amendments or variations thereto) subject to such action first being approved in writing by a Board Director of Network Rail Infrastructure Limited.</p>	
18/181	<p><u>Conjoined Nomination & Remuneration Committee Terms of Reference</u></p> <p>The Board discussed the proposed Nomination & Remuneration Committee terms of reference (TOR) and questioned the changes.</p> <p>The Board was assured about the changes and that there was a formal process in place that would be referred to the Committee for approval.</p> <p>The Board APPROVED the TOR as set out in paper 116/18.</p>	
18/182	<p><u>Network Rail Certification Body (NCB) - Governance</u></p> <p>Paper 111/18 sought approval of the proposed Framework Agreement between NCB and Network Rail Infrastructure Limited (NRIL).</p> <p>During discussion the Board:</p> <ol style="list-style-type: none"> 1. AGREED that all NRIL health and safety policies should apply to NCB; and 2. REQUESTED a short note setting out the role/purpose of NCB and in that context, the key risks faced by NCB. <p>The Board APPROVED subject to any changes required as a result of paragraph 1 above being actioned, the proposed Framework Agreement between NCB and NRIL and NOTED NCB's Delegated Authority Matrix and the Matters Reserved for the NCB Board.</p>	Sam Brunker
18/183	<p><u>Prosecution Report</u></p> <p>The Board discussed paper 112/18.</p>	
18/184	<p><u>Executive Committee and Panel Approvals</u></p> <p>The Board discussed paper 113/18, and commended the new format.</p>	
18/185	<p><u>Board forward agenda</u></p> <p>The Board discussed the draft agenda for the December Board meeting.</p>	
18/186	<p><u>Western Rail Link to Heathrow</u></p> <p>Paper 114/18 updated the Board on the progress to develop the Western Rail Link to Heathrow as a contestable, part privately financed scheme.</p>	
18/187	<p><u>Transformation in action</u></p> <p>The Board noted paper 115/18 which provided examples of transformation across the business.</p>	
18/188	<p><u>Any other business</u></p> <p>None.</p>	

There being no further business the Chair closed the meeting at 15:52.

A handwritten signature in black ink, appearing to be 'Peter G. V.', written in a cursive style.

..... Chair