


**MINUTES OF A MEETING OF THE BOARD OF
NETWORK RAIL LIMITED**
held at Network Rail, St Patricks House, 17 Penarth Road Cardiff CF10 5ZA
on Thursday 30 May 2019 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:	Michael Harrison, UKGI observer Stuart Kelly, Group General Counsel & Company Secretary Helen Martin, Senior Assistant Company Secretary Caroline Murdoch, Director, Corporate Communications David Ollerhead (min 19/85) Simon French (RAIB) (min 19/86) Anit Chandarana (mins 19/87 & 19/91) Charles Robarts (min 19/87) Bill Kelly (mins 19/88 & 19/89) James Jackson (mins 19/88 19/89) Alan Cooke (min 19/90) Rossa Donovan (min 19/90) Jon Shaw (min 19/90) Martyn Angus (min 19/92) (by phone) James Dean (min 19/92) (by phone)	
Apologies:		
MINUTE NO.		ACTION
19/78	<u>Safety briefing</u> The Board was briefed on the health, safety and emergency evacuation procedures for St Patrick's House.	
19/79	<u>Chair's remarks</u> The Board: 1. reflected on the stakeholder dinner the previous day; 2. commended Andrew Haines and others involved in running the Business Briefings, commenting in particular on the relaxed, open and honest engagement with the workforce; 3. noted that the search would be commenced for two non-executive directors to replace those expected to retire within the next year; and 4. noted the status of the East West Rail and Thameslink programmes.	
19/80	<u>Minutes of previous meetings</u> The minutes of the Board meeting held on 1 May 2019 were approved.	
19/81	<u>Action list</u> The Board discussed the action list.	

	<p><u>Action 19/66 – Euston Station</u> The Board was updated on HS2's review of its work methodology and sequencing at Euston Station.</p> <p><u>Action 19/48 – Investment papers – process for approval</u> The Board noted the response provided to this action, which addressed some of its questions but not all. The Board asked that:</p> <ol style="list-style-type: none"> 1. in future it receive briefings on emerging risks on investment programmes with an outline of the work being done to mitigate the risks. 2. given the Secretary of State would prioritise and authorise enhancement spend in CP6, further clarification be given to the Board's, ARC's and Regional Managing Directors' roles in this area. A briefing note would be prepared for the Board. 3. a strategy session be arranged to consider the rail investment plan with reference to the shape of the industry and transportation more broadly in 25-30 years' time. 	<p>Andrew Haines</p> <p>Jeremy Westlake</p> <p>Anit Chandarana</p>
19/82	<p><u>Directors' interests</u></p> <p>David Noyes reported that he would be joining the Corporate Advisory Board of the Teenage Cancer Trust.</p>	
19/83	<p><u>Chief Executive's Report</u></p> <p>The Chief Executive discussed with the Board:</p> <p></p> <ol style="list-style-type: none"> 2. electrification in Wales, particularly between Newport and Cardiff. The Board would be briefed more fully at its meeting in June. 3. the implementation of the May 2019 timetable change which had generally gone well. The Board congratulated Paul McMahon and his cross-party team in the Industry Timetabling Assurance Project Management Office for their work ahead of the introduction of the May 2019 timetable. 4. the new measure of train performance, consistent route measure for passenger performance (CRM-P), by which punctuality was measured at all recorded station stops along the path rather than just at the destination; this better reflected passenger journeys. Infrastructure and TOC performance was, so far, generally good. However, a number of significant incidents had occurred on the network over which Network Rail had little or no control, many involving people with mental health problems. The network's recovery from such incidents had improved where the British Transport Police (BTP) had been embedded within Network Rail's incident management structures. Other more innovative interventions were also being considered including those in conjunction with Crossrail and BTP. 5. the investigation into a wrong-side signal failure on 18 May 2019 following the commissioning of new signalling as part of the Aberdeen-Stonehaven capacity improvement project. Network Rail had formally notified both the ORR and RAIB of this matter. The Board would be updated on the outcome of the investigation. <p>A briefing note would be circulated to the Board setting out what incidents had to be formally reported and within what timeframes.</p>	<p>Andrew Haines</p> <p>Alex Hynes</p> <p>Jon Shaw</p>

	<ol style="list-style-type: none"> 6. The engineering works across the network over Spring Bank Holiday had gone well. The Board commended the work and commitment of the teams involved in that work. 7. The implications for Network Rail of British Steel going into insolvency. British Steel was a major supplier to Network Rail, providing around 100,000 tonnes of rail a year. Network Rail had been planning for such an eventuality and was confident that it remained able to carry out critical work on the railway in the months ahead. Network Rail was also developing contingency plans should a no deal Brexit result in tariffs being applied to imported steel. 8. Seasonal preparedness for the forecasted long, hot summer in 2019, particularly following the unusually warm and dry summer in 2018. Work was being done to stress rail to take into account predicted temperatures. Also, Routes were carrying out assessments against a prescribed checklist. The assessments would be shared with the Board. 	<p>Andrew Haines</p>
<p>19/84</p>	<p><u>Chief Financial Officer's Report</u></p> <p>The Chief Financial Officer discussed with the Board that:</p> <ol style="list-style-type: none"> 1. the P1 performance was an encouraging start to the year, reflecting positive train performance and relatively few one-off events; 2. Network Rail was operating under the new CP6 funding/finance arrangements, which was so far working well. The Board congratulated the CFO and his team for successfully managing this transition; 3. the ORR had published its 2019/20 Business Plan which, in line with expectations, would focus on train performance, efficiency and the system operator; 4. Network Rail and DfT were working with the HM Treasury and IPA teams ahead of providing a formal written response to the Government's Infrastructure Finance Review in early June; 5. there would be an update on the Government's forthcoming spending review at the June meeting; 6. Regional Managing Directors would be expected to cover in their future presentations to the Board their regional plans for level crossing safety; and 7. The Board would welcome an update on data and information governance generally. 	<p>Jeremy Westlake</p> <p>Jon Shaw</p>
<p>19/85</p>	<p><u>Open for business - update</u></p> <p><i>David Ollerhead joined the meeting.</i></p> <p>The Board reviewed paper 41/19 which considered the progress being made by the Open for Business programme on contestability and Network Rail's approach to third-party investment proposals.</p> <p>The Board noted the two pilot contestability schemes on the LNW and Wessex routes had project managers in place. Work was being done on drafting outcome and asset output-based requirements specifications and developing procurement strategies.</p> <p>The target for third-party funding in CP5 was achieved and the target for CP6 has been underpinned by route-based, detailed and probability-adjusted forecasts. A framework exists to manage unsolicited third-party proposals, assessing them for strategic fit, innovation, and financial strength. Such proposals were also being assessed for the delivery of broader economic benefits such as new homes and jobs.</p>	

	<p>The Board noted that the majority of funding was currently sourced from local authorities and enterprise partnerships, although private sector funding was also sought and highly desirable.</p> <p>Network Rail's Open for Business team would be connected with the local business development function within the National Infrastructure Commission.</p> <p>Following discussion, the Board AGREED that the programme was on track to achieve its objectives and was making sufficient progress on contestability. The Board also AGREED that Network Rail had a robust approach to dealing with and encouraging third-party investment proposals.</p> <p style="text-align: center;"><i>David Ollerhead left the meeting.</i></p>	<p style="text-align: right;">Bridget Rosewell</p>
<p>19/86</p>	<p><u>RAIB – annual review 2018</u></p> <p style="text-align: center;"><i>Simon French joined the meeting.</i></p> <p>The Board welcomed Simon French, Chief Inspector of Rail Accidents at RAIB, who discussed with the Board paper 42/19, RAIB's 2018 annual report. The Board considered the scope of work RAIB had done in 2018, the key themes identified, key areas for safety learning, any emerging themes and other work done by RAIB.</p> <p>The Board noted in particular that RAIB's investigations started from accidents or incidents where significant safety lessons could be learned.</p> <p>Some areas that had previously been of concern to RAIB no longer featured in the 2018 annual report, as substantive improvements had been made to risk management; many in response to RAIB recommendations. These included</p> <ul style="list-style-type: none"> • track quality; • switches and crossings design, maintenance and inspection; • earthwork and structural failures; and • the risk management process at level crossings. <p>However, RAIB's 2018 annual report highlighted four areas of concern, and each of these were discussed. These were:</p> <ul style="list-style-type: none"> • the design and operation of user worked crossings • managing the risk at the platform-train interface • the safe management of abnormal train operating events, and • protection of track workers from moving trains. <p>The discussion also covered the best approach to safety leadership on a dynamic network where conditions were frequently changing and risks had to be assessed and mitigated or eliminated in real time.</p> <p>It was agreed that Network Rail and RAIB could benefit from further discussions on:</p> <ul style="list-style-type: none"> • the extent to which the reporting rules could usefully be interpreted, rather than rigidly followed, when assessing whether to report incidents and accidents; and • Network Rail's approach to safety risk management, including review of risk management tools. <p>The Board noted that RAIB was not resourced to be able to offer advisory services.</p> <p>The Board thanked Simon French for a helpful and constructive discussion, and invited him to attend a future meeting in 2020.</p> <p style="text-align: center;"><i>Simon French left the meeting.</i></p>	<p style="text-align: right;">Martin Frobisher</p> <p style="text-align: right;">Helen Hunter-Jones</p>

<p>19/87</p>	<p><u>Williams' Rail Review</u></p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p>	
<p>19/88</p>	<p><u>Route review – Wales and Borders</u></p> <p><i>James Jackson and Bill Kelly joined the meeting.</i></p> <p>Paper 44/19 updated the Board on key developments in the Wales & Borders Route. This was supplemented by a brief overview of the Route scorecard.</p> <p>The Board then discussed some of the key issues for the Route, covering:</p> <ul style="list-style-type: none"> • the benefits of the Home Safe Plan now the Route owned the Plan at route level and was actively taking a local approach to identifying and understanding issues and devising plans to address them; this had included a roadshow around the Route to talk openly about what was and was not working, and how to improve things; • electrification works on the Route generally and more particularly the challenges in and around the Severn Tunnel; • issues arising from flooding in the Conwy Valley following a high tide and a low-pressure system that followed Storm Gareth. The Board noted the difficulties in getting resources and materials to the site in order to rebuild six miles of track. The Board also noted that the railway itself formed part of a flood defence system. • the planned introduction of new rolling stock on the Route. • what benefits the traffic management system was delivering, against the original expectations. The Board asked for a full analysis of the implementation of and benefits being delivered by traffic management across the business. • Network Rail's proposed telecoms trial in conjunction with SSE, which aimed to improve wi-fi connectivity along the North Wales coast main line for the benefit of passengers and local communities. This could provide a revenue stream for the Route which would be invested to improve passenger services. 	<p>Bill Kelly</p>
<p>19/89</p>	<p><u>Core Valley Lines divestment - update</u></p> <p>The Board discussed paper 47/19 which outlined the current status of the proposed acquisition of the Core Valley Lines by Transport for Wales, and which sought the Board's approval to the disposal, prior to the divestment being considered by the Secretary of State for Transport.</p> <p>The Board noted that some of Network Rail's system risks remained, but these were being worked through. The commercial risks had frameworks in place to manage Network Rail's exposure.</p>	

	<p>After some discussion, the Board ENDORSED the divestment of the Core Valley Lines to Transport for Wales, noting that its endorsement was subject to the transaction being recommended by the DfT and final approval being granted by the Secretary of State for Transport.</p> <p style="text-align: center;"><i>James Jackson and Bill Kelly left the meeting.</i></p>	
<p>19/90</p>	<p><u>Varley review – vegetation management</u></p> <p style="text-align: center;"><i>Alan Cooke, Rossa Donovan and Jon Shaw joined the meeting.</i></p> <p>The Board considered paper 45/19 which outlined Network Rail's response to the Varley recommendations, the associated costed plans and benefits thereof, and sought the Board's endorsement of Network Rail's Vision for Lineside Estate. The Board had also received an additional briefing note from the Chief Executive on this matter.</p> <p>The Board noted that while John Varley was pleased that Network Rail planned to go further than his recommendations, the Company had decided against implementing all its proposals in single phase. Instead, a pilot scheme would be run in the whole of the Kent Route with, initially, individual projects being done in all Regions. Save for the whole Kent Route pilot locations had been chosen so that trials were run in all types of environment. In combination these would represent a meaningful and comprehensive scheme of pilots.</p> <p>The Board discussed the criticism that Network Rail had faced in the past about cutting down trees while birds were nesting. The Board was assured that this would only be done when it was considered necessary for safety reasons. This was consistent with normal estate management; as routinely carried out by other organisations also committed to protecting the environment and wildlife.</p> <p>The business recognised the need to professionalise its approach to estate management, so that the right type of vegetation was in the right place.</p> <p>The Board welcomed this vision for Network Rail's lineside estate and stressed the importance of getting it right. The Board asked for twice-yearly updates on progress against the plan and budget.</p> <p>Following discussion, the Board:</p> <ol style="list-style-type: none"> 1. APPROVED Network Rail's draft Vision for Lineside Estate, and 2. APPROVED the recommendation to proceed with the development of a detailed plan against this Vision, which would include the Varley recommendations. <p style="text-align: center;"><i>Alan Cooke, Rossa Donovan and Jon Shaw left the meeting.</i></p>	<p style="text-align: right;">Rossa Donovan</p>
<p>19/91</p>	<p><u>Regional scorecards</u></p> <p style="text-align: center;"><i>Anit Chandarana joined the meeting.</i></p> <p>Paper 46/19 explained the proposed changes to the Route scorecards and the introduction of Region scorecards, aligning them to Network Rail's new operating model and subsequent organisational structure.</p> <p>The Board NOTED that the ORR had agreed that Network Rail would be regulated on the basis of Regional scorecards from 24 June 2019.</p> <p>The Board APPROVED the proposed re-cut scorecards, and NOTED that these changes to the scorecards also had to be formally approved by the ORR and the DfT.</p> <p style="text-align: center;"><i>Anit Chandarana left the meeting.</i></p>	

19/92	<p><u>East West Rail Protocol Agreement</u></p> <p><i>Martyn Angus and James Dean joined the meeting.</i></p> <p>The Board discussed paper 48/19 which proposed that Network Rail enter into a protocol agreement with East West Rail Company for the delivery of East West Rail Western Section Phase 2. The formalisation of the terms of engagement would build on and continue to develop good working relationships and behaviours.</p> <p>The Board AGREED that:</p> <ol style="list-style-type: none"> 1. Network Rail should enter into a Protocol Agreement with East West Rail Company, substantially in the form presented to the meeting, and 2. DELEGATED AUTHORITY to the Chief Financial Officer to make any further changes that he deemed appropriate and to sign the final version of the Protocol Agreement. <p><i>Martyn Angus and James Dean left the meeting.</i></p>	
19/93	<p><u>Framework Agreement with DfT</u></p> <p>Paper 49/19 explained that a Framework Agreement between Network Rail and the DfT was entered into in September 2014 at the time of reclassification. The Framework Agreement sets out how the two organisations interact in terms of corporate governance and financial management.</p> <p>It was proposed that the Framework Agreement be updated for CP6, codifying what happens in practice.</p> <p>The Board discussed one particular drafting point, requesting that the wording clearly articulate the commitment by both Network Rail and the DfT for openness and transparency with each other.</p> <p>The Board:</p> <ol style="list-style-type: none"> 1. DELEGATED AUTHORITY to the Chair and the Chief Executive to approve the final version of the Framework Agreement; and 2. AUTHORISED the Chief Executive sign the agreed Framework Agreement on behalf of Network Rail. 	Stuart Kelly
19/94	<p><u>Committee updates</u></p> <p>The Board was updated on the activities of the Nomination & Remuneration and SHE Committees since the 1 May 2019 Board meeting.</p>	
19/95	<p><u>Prosecution report</u></p> <p>The Board noted paper 51/19.</p>	
19/96	<p><u>Company Secretary's report</u></p> <p>The Board reviewed paper 52/19.</p> <p>With regard to Modern Slavery, the Board questioned whether Network Rail had sufficient visibility of the approach taken by our contractors themselves, and by sub-contractors. It was acknowledged that assurance on this was part of a wider piece of assurance work covering not just zero hours contracts but also people working multiple jobs.</p> <p>Following discussion the Board:</p>	Andrew Haines

	<ol style="list-style-type: none"> RATIFIED the changes in composition of subsidiary company boards as outlined in the paper; RATIFIED the use of the company seal as outlined in the paper; and APPROVED Network Rail's revised Modern Slavery Statement as circulated in advance of the meeting, for publication. 	
19/97	<p><u>Board forward agendas</u></p> <p>The Board discussed the draft agendas for the meetings on 28 June and 31 July.</p>	
19/98	<p><u>Train performance risk</u></p> <p>The Board NOTED paper 53/19 on train performance and the associated Schedule 8 risks and opportunities now that P1 CP6 results were available.</p>	
19/99	<p><u>IR/TU engagement update</u></p> <p>The Board NOTED paper 54/19 on pay negotiations with the Trades Unions.</p>	
19/100	<p><u>Delegated Authority – one level up reporting</u></p> <p>The Board NOTED paper 55/19, which outlined the authorities exercised by the Executive Leadership Team and significant authorities exercised by sub-delegated authority holders.</p>	
19/101	<p><u>Any other business</u></p> <ol style="list-style-type: none"> <u>Sustainability</u> The Board asked to see Network Rail's proposed strategy and policy on sustainability including, amongst other things, decarbonisation. 	Andrew Haines
<p>There being no further business the Chair closed the meeting.</p> <p>.....</p> <p>Chair</p>		