

**MINUTES OF A MEETING OF THE BOARD OF  
NETWORK RAIL LIMITED**  
held at Network Rail, Davidson House, Forbury Square, Reading, RG1 3EU  
on Friday 28 June 2019 from 09:00

<b>Present:</b>	Sir Peter Hendy (Chair) Rob Brighthouse Richard Brown Sharon Flood Chris Gibb Andrew Haines	Silla Maizey David Noyes Mike Putnam Bridget Rosewell Jeremy Westlake
<b>In attendance:</b>	Michael Harrison, UKGI observer Dan Kayne, General Counsel (Routes) Stuart Kelly, Group General Counsel & Company Secretary Helen Martin, Senior Assistant Company Secretary Caroline Murdoch, Director, Corporate Communications Stuart Calvert (min 19/109) Toufic Machnouk (min 19/109) Martin Burton (min 19/110 and 19/112.7) Sally Rose (mins 19/112.7 and 19/116) Jeff Halliwell, Transport Focus (min 19/113) Anthony Smith, Transport Focus (min 19/113) Anit Chandarana (mins 19/114) Charles Robarts (min 19/114) Mike Gallop (min 19/115) Mark Langman (min 19/115) John Halsall (min 19/117) (by phone) Paul Harwood (min 19/117) (by phone) Dan Boyde (min 19/118)	
<b>Apologies:</b>		
<b>MINUTE NO.</b>		<b>ACTION</b>
19/102	<p><b><u>Safety briefing</u></b></p> <p>The Board was briefed on the health, safety and emergency evacuation procedures for Davidson House.</p>	
19/103	<p><b><u>Chair's remarks</u></b></p> <p>The Board:</p> <ol style="list-style-type: none"> <li>1. noted progress on Putting Passengers First;</li> <li>2. discussed preparations within government to brief the new Prime Minister (to be appointed following the Conservative Party leadership elections) on key issues for the rail industry.</li> <li>3. discussed a recent meeting with the Secretary of State to review the TransPennine Route Upgrade programme;</li> <li>4. was updated on the Thameslink project;</li> <li>5. discussed the joint East West Rail Company and Network Rail review of EWR project costs.</li> <li>6. discussed the mis-reporting issues being faced by Southern Water, in the context of whether Network Rail could learn any lessons from this. The essential learning</li> </ol>	

	<p>was one that Network Rail was already working on; that of creating an open and transparent culture where its people were encouraged and felt confident and safe to raise concerns or report 'adverse news' to the executive team.</p>	
19/104	<p><b><u>Minutes of previous meetings</u></b></p> <p>The minutes of the Board meeting held on 30 May 2019 were approved.</p>	
19/105	<p><b><u>Action list</u></b></p> <p>The Board discussed the action list and agreed that:</p> <ul style="list-style-type: none"> <li>• the SHE Committee would review Network Rail's approach to the use of TPWS at level crossings; and</li> <li>• action 19/40 related to the East Coast Partnership could be closed.</li> </ul>	
19/106	<p><b><u>Directors' interests</u></b></p> <p>Richard Brown reported that he was resigning from the Board of HS2 with effect from 30 June 2019.</p> <p>Sir Peter Hendy reminded the Board that he was joining the Science Museum's Board of Trustees with effect from 1 July 2019.</p>	
19/107	<p><b><u>Annual Report and Accounts 2019</u></b></p> <p>The Board discussed paper 56/19 which provided an update on the Annual Report &amp; Accounts 2019 (ARA) and a copy of the draft Notice of Annual General Meeting 2019.</p> <p>After discussing these documents the Board <b>AGREED, SUBJECT TO</b> final audit clearance by the NAO:</p> <ol style="list-style-type: none"> <li>1. the content of the Viability Statement within the ARA;</li> <li>2. that the content of the ARA when taken as a whole was fair, balanced and understandable; and</li> <li>3. that a committee of the Board be appointed, comprising of at least two of Sir Peter Hendy, Sharon Flood, Andrew Haines and Jeremy Westlake, to approve: <ol style="list-style-type: none"> <li>a. the Network Rail Limited Annual Report and Accounts 2018/19; and</li> <li>b. the Network Rail Limited Notice of Annual General meeting 2019.</li> </ol> </li> </ol>	
19/108	<p><b><u>Regulatory Financial Statements 2019</u></b></p> <p>The Board discussed paper 58/19 which sought approval of the Statement of Sufficiency of Resources to be included within the 2019 Regulatory Financial Statements.</p> <p>The Board:</p> <ol style="list-style-type: none"> <li>1. <b>APPROVED</b> the Statement of Sufficiency of Resources as contained in the paper, and</li> <li>2. <b>AUTHORISED</b> the Chief Financial Officer to sign that Statement on behalf of Network Rail Infrastructure Limited.</li> </ol>	
19/109	<p><b><u>Train Control Partner Framework</u></b></p> <p style="text-align: center;"><i>Stuart Calvert and Toufic Machnouk joined the meeting.</i></p> <p>Paper 59/19 sought the Board's approval to award the Train Control partner Framework Agreement to the preferred supplier which had been selected following the procurement procedure approved by the Executive Leadership team, and which was presented to the Board.</p>	

	<p>The Board noted that a zero-value framework agreement would be used to establish a true delivery partnership where future work could be called-off as required over the course of this long-term relationship. Each call-off would be authorised through the established commercial approval process.</p> <p>The Board discussed how the lessons learned from previous and international procurement activities had informed this process. These lessons included planning for the whole life of the asset and approaching this programme as a whole railway system change rather than a Network Rail infrastructure change.</p> <p>The Board, reflecting on some lessons from the Putting Passengers First listening programme, noted that sometimes the large amount of multi-organisational investment governance, across all stakeholders, that had to be complied with could stall a business case such as this. As such, the Board supported Andrew Haines' request to give Toufic Machnouk licence to think about and propose how these governance processes could be simplified and rationalised.</p> <p>The Board questioned whether the approach of appointing a delivery partner in this way risked the loss of competition in the market. Having discussed this further, the Board believed that this risk could be satisfactorily managed.</p> <p>The Board discussed whether, in terms of money flows, this work would be classified as renewals or enhancements, and noted that in future, and where train fitment is aligned, this work would be done as renewals, as per the long-term deployment plan. The Board noted that this case was treated as a mix of enhancement and renewal due to the upfront need to fit the remaining trains and aggregate a viable area of network to implement new operating procedures.</p> <p>The Board noted the good benefit cost ratio for this business case despite the large allocation of freight fitments that operate beyond this area on the wider network.</p> <p>It was confirmed that the ROSCOs were involved in this work, being part of the freight and first-in-class fitment programme and also as part of the programme steering groups. This is in addition to train operators. The Board endorsed the view that it would be critical to the success of the Digital Railway programme that it was an industry owned programme and not an initiative that Network Rail would impose on others.</p> <p>The Board asked how this programme was viewed by heritage and charter operators. Toufic Machnouk confirmed that Network Rail was already engaging with these operators to agree a way forward.</p> <p>Having satisfied itself on the points raised during the discussion, the Board <b>APPROVED</b> the award of the Train Control Partnership Framework Agreement to the preferred supplier. It commended the presentation by Toufic Machnouk and Stuart Calvert.</p> <p style="text-align: center;"><i>Stuart Calvert and Toufic Machnouk left the meeting.</i></p>	
<p><b>19/110</b></p>	<p><b><u>Delegation of Authority Policy</u></b></p> <p style="text-align: center;"><i>Martin Burton joined the meeting.</i></p> <p>Paper 61/19 outlined the approach taken to reviewing and updating the Delegation of Authority Policy, which incorporated Matters Reserved for the Board (the Policy). The review's primary focus was to ensure that the Policy reflected the organisational changes pursuant to the Putting Passengers First programme. However a number of other amendments had been made to the Policy to meet business needs.</p> <p>Following discussion the Board <b>APPROVED</b> the Delegation of Authority Policy and the Matters Reserved for the Board incorporated within it.</p> <p style="text-align: center;"><i>Martin Burton left the meeting.</i></p>	

19/111	<p><b><u>Chief Executive's Report</u></b></p> <p>The Chief Executive discussed with the Board:</p> <ol style="list-style-type: none"> <li>1. Putting Passengers First and that the five Regions went live on Monday 24 June. The next key step was to set up Routes, although this was dependent upon recruiting people into the templated Route roles. A draft proposal had been submitted about how Network Rail would manage the number of roles it was permitted to have pursuant to HM Treasury's salary threshold, during this transitional period;</li> <li>2. the introduction of the May 2019 timetable was causing some performance issues with West Midlands Trains. Whilst there had been particular attention on the Birmingham area where there was a significant increase in the number trains that had to be split and joined together, the effect of a very highly resourced long-distance service replacing several shorter suburban services was also acute. The trade-off being managed was between offering more route choice for passengers, albeit at an increased risk of train delays following the loss of time to recover from incidents;</li> <li>3. a further conversation he had with Simon French, Chief Inspector of Rail Accidents at RAIB on 'near misses'. Simon French would speak with Martin Frobisher and Andy Jones about Network Rail's Planning &amp; Delivering Safe Work programme;</li> <li>4. the Board's wish for a full discussion on the Company's diversity strategy, and also to see, periodically, what diversity metrics were used across the business and how they were delivering a more diverse workforce. This was particularly important bearing in mind that a diverse workforce would help Network Rail to deliver on its commitment to Putting Passengers First;</li> <li>5. the preparations underway for the December 2019 timetable change. The PMO was managing a number of risks. Of particular concern was the requirements for stabling and toilet emptying facilities for new trains being introduced. Despite the issue being raised there was still no resolution;</li> <li>6. the incident on 13 June near Corby when passengers were stranded on trains for many hours due to a landslip blocking the line and then floodwater. The Board challenged whether Network Rail had sufficient local knowledge of drains and culverts beyond those on Network Rail land and the responsibility of others;</li> <li>7. the Spring 2019 National Rail Passenger Survey Results that had just been released. The highlights were that: <ul style="list-style-type: none"> <li>• overall passenger satisfaction was up two percentage points compared with Spring 2018;</li> <li>• the best performing Route for passenger satisfaction was Western;</li> <li>• the worst performing Route was Wessex</li> <li>• South East was the most improved Route over the year; and</li> <li>• for Network Rail managed stations, the best passenger satisfaction score was earned by Reading, while the worst was earned by Clapham Junction;</li> </ul> </li> <li>8. the recognition of two colleagues in the Queen's birthday honours: <ul style="list-style-type: none"> <li>• Ian Harris, incident officer, had been made a Member of the British Empire (MBE) for his project to support the rehabilitation of offenders in Cardiff and South Wales Valleys; and</li> <li>• Simon Blanchflower, now at East West Rail, who was made a Commander of the British Empire (CBE) for services to the railway and to his local community of North Kensington.</li> </ul> </li> </ol>	Pauline Holroyd
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<p>19/112</p>	<p><b><u>Chief Financial Officer's Report</u></b></p> <p>The Chief Financial Officer discussed with the Board:</p> <ol style="list-style-type: none"> <li>1. financial performance, the rate of capital delivery and progress on efficiencies;</li> <li>2. the Public Accounts Committee session on Network Rail's sale of railway arches;</li> <li>3. Network Rail's current preparation for the forthcoming government spending review which would concentrate on enhancement projects;</li> <li>4. the current commercial status of several suppliers or business partners, and the potential implications for Network Rail and how those were being managed;</li> <li>5. the renewal of Network Rail's insurance programme;</li> <li>6. a review into Network Rail's telecoms strategy and how its assets might be better used; and</li> </ol> <p style="text-align: center;"><i>Martin Burton and Sally Rose joined the meeting.</i></p> <ol style="list-style-type: none"> <li>7. the paper on the joint Network Rail and DfT funding and investment process. The Board noted and supported the further improvements that were being made.</li> </ol> <p>The Board agreed:</p> <ol style="list-style-type: none"> <li>(i) that while peer review could be beneficial, independent review could be more robust, particularly for challenging cost, process and deliverability. The executive was tasked with introducing this as swiftly as it judged could be constructive</li> <li>(ii) that the Finance team must be involved early in the peer or independent review process to provide transparency on the risks to project / programme costs; and</li> <li>(iii) that in future reports to the Board it wanted to be told, with narrative and numbers, about the extent to which project / programme costs, processes, deliverability and timelines had been challenged and what changes had been made as a result of that challenge.</li> </ol> <p style="text-align: center;"><i>Martin Burton and Sally Rose left the meeting.</i></p>	<p>Jeremy Westlake</p>
<p>19/113</p>	<p><b><u>Transport Focus</u></b></p> <p style="text-align: center;"><i>Jeff Halliwell and Anthony Smith joined the meeting.</i></p> <p>The Board welcomed Jeff Halliwell, Chair, and Anthony Smith, Chief Executive of Transport Focus.</p> <p>Jeff and Anthony outlined their backgrounds, and the role of Transport Focus.</p> <p>There followed a wide-ranging discussion on a variety of passenger themes:</p> <ul style="list-style-type: none"> <li>• that in terms of what passengers want, there was no difference between types of passenger; their fundamental need was for a reliable train service;</li> <li>• while Network Rail's customer assistance teams were improving their service to those with obvious disabilities, the business should consider what more it could do to help passengers with less visible disabilities or vulnerabilities.</li> <li>• the need for rail fare reform. This covered not just the transparency and consistency of rail fares (with split ticketing being a particular problem that eroded confidence in the fares regime), but also the increased use of technology for ticketing.</li> </ul>	

- Technology could also be used more widely to inform passengers about their travel options during disruption, and to inform railway staff so they were better able to help passengers without access to such technology.

The Board and Transport Focus welcomed this constructive and engaging discussion.

*Jeff Halliwell and Anthony Smith left the meeting.*

19/114

**Williams' Rail Review**

*Anit Chandarana and Charles Robarts joined the meeting.*

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

*Anit Chandarana and Charles Robarts left the meeting.*

19/115

**Western Route review**

*Mike Gallop and Mark Langman joined the meeting.*

The Board discussed the latest news from the Western Route, since the start of CP6 and on day five of the inception of the Wales & Western region.

The discussion covered:

1. delivering Western Route CP6 commitments;
2. the challenge and large scale change on the Wales and Western Region that the December 2019 timetable change would bring; and the critical completion of electrification works;
3. the cost of delivering stations for Crossrail.
4. potential opportunities for local authorities in Western Route to invest in the rail network in their area.

*Mike Gallop and Mark Langman left the meeting.*

19/116	<p><b><u>Sponsorship of major projects – lessons learned</u></b></p> <p><i>Sally Rose joined the meeting.</i></p> <p>The Board discussed paper 62/19 which briefed the Board on work that was being done to address the findings of three external reports that had looked at the sponsorship of major projects. Those reports were:</p> <ul style="list-style-type: none"> <li>i. KPMG Independent review of Crossrail Governance (January 2019)</li> <li>ii. House of Commons Committee of Public Accounts – Crossrail progress review (April 2019) and</li> <li>iii. DfT/IPA lessons from transport for the sponsorship of major projects (April 2019).</li> </ul> <p>The Bowe Review into the planning of Network Rail's enhancement programme (November 2015) had also been reviewed alongside these more recent reports.</p> <p>The DfT/IPA review had identified five key themes, and the other reports were analysed across those same broad headings. This resulted in 28 generic findings or recommendations. Network Rail's sponsorship, programme management and cost planning standards as well as ten projects, were being reviewed against those 28 findings/recommendations to identify any necessary changes. The Board would receive an update when that analysis was completed, which was planned to be Autumn 2019.</p> <p>The Board noted that a key part of this work would be to change the behaviours of those working on projects, so that they felt safe in escalating concerns or reporting bad news at an early stage; the second time in the meeting that this had been identified as a key challenge for Network Rail.</p> <p>The Board also noted that there continued to be confusion around certain terms with different stakeholders using the same term to mean different things; the term "sponsor" was a prime example. It would be helpful for this to be addressed as part of this work.</p> <p><i>Sally Rose left the meeting.</i></p>	
19/117	<p><b><u>Gatwick Airport station development</u></b></p> <p><i>John Halsall and Paul Harwood joined the meeting.</i></p> <p>The Board discussed paper 60/19, which sought approval to enter into the final form of the funding and implementation agreements for the project to transform Gatwick Airport station.</p> <p>Network Rail, Gatwick Airport Limited and the DfT have been collaborating to establish an enhancement project and funding package for the redevelopment of Gatwick Airport station. The business case for this project was developed by the DfT. The project's aim was to address capacity and congestion issues, grow the station's capability and to deliver a passenger environment that is befitting of Gatwick Airport's role as a major gateway into the UK.</p> <p>The Board agreed that the concern over managing passenger demand at Gatwick Airport station was valid. The Board also agreed that its concerns on this matter would be raised with the DfT by the CEO.</p> <p>Following a vote on the proposal <b>a majority of the Board APPROVED</b> entering into the final form of the Funding and Implementation agreement and the supporting Funding Notification and Project Remit.</p> <p><i>John Halsall and Paul Harwood left the meeting.</i></p>	Andrew Haines

19/118	<p><b><u>Performance improvement update</u></b></p> <p style="text-align: center;"><i>Dan Boyde joined the meeting.</i></p> <p>The Board noted that paper 67/19 was the first quarterly update on Network Rail's work to address the ORR's Provisional Order on performance management capability. The ORR had concluded that Network Rail's initial report satisfied the immediate requirements of the Provisional Order but stressed the importance of delivering the plans set out in the report.</p> <p>The Board noted that currently Network Rail was delivering the actions in line with the report to the ORR.</p> <p>The Board discussed:</p> <ol style="list-style-type: none"> <li>1. whether we could use better data collection and analytical tools, given the quantity of data; the challenge was how to help the Routes and Regions with analysing the data and prioritising appropriately. A contract for Amey to provide support to Network Rail in this area had recently been agreed and would help to develop analytical skills amongst Network Rail's people; and</li> <li>2. the need to provide an example of what 'good' looked like; it was noted that a composite narrative was being put together to help the Routes and Regions tell their performance management story. A best practice checklist had also been developed and would be used where Routes were not delivering satisfactory train performance and were not following accepted best practice.</li> </ol> <p style="text-align: center;"><i>Dan Boyde left the meeting.</i></p>	
19/119	<p><b><u>Committee updates</u></b></p> <p>The Board was updated on the activities of the Nomination &amp; Remuneration, Audit &amp; Risk and Treasury Committees since the 30 May 2019 Board meeting.</p>	
19/120	<p><b><u>Prosecution report</u></b></p> <p>The Board noted paper 51/19.</p>	
19/121	<p><b><u>Company Secretary's report</u></b></p> <p>The Board reviewed paper 72/19. Following discussion the Board:</p> <ol style="list-style-type: none"> <li>1. <b>RATIFIED</b> the changes in composition of subsidiary company boards as outlined in the paper;</li> <li>2. <b>RATIFIED</b> the use of the company seal as outlined in the paper; and</li> <li>3. <b>APPROVED</b> Network Rail's revised Treasury Committee Terms of Reference.</li> </ol>	
19/122	<p><b><u>Board forward agendas</u></b></p> <p>The Board discussed the draft agendas for the meetings on 31 July and 17 September.</p>	
19/123	<p><b><u>Any other business</u></b></p> <p>None.</p>	
<p>There being no further business the Chair closed the meeting.</p> <p>..... Chair</p>		