NetworkRail

MINUTES OF A MEETING OF THE BOARD OF
NETWORK RAIL LIMITED
held at Network Rail, The Quadrant Elder Gate, Milton Keynes, MK9 1EN
on Wednesday 31 July 2019 from 09:30

Present:	Sir Peter Hendy (Chair) Rob Brighouse Richard Brown Sharon Flood Chris Gibb Andrew Haines	Silla Maizey David Noyes Mike Putnam Bridget Rosewell (part only, by phone) 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 Stuart Calvert (min 19/132 and min 19/134) Michael Flynn (min 19/132) Andy Jones (min 19/132) Susanna May (DfT) (min 19/133) Kamini Edgley (min 19/135) Martin Jones (min 19/135) Nigel Ash (min 19/136) Susan Cooklin (min 19/136 and min 19/137) Clive Berrington (min 19/137) Rob McIntosh (min 19/138)	
Apologies:		

MINUTE NO.		ACTION
19/124	**Safety briefing** Upon arrival at the office, Board members had been briefed on the health, safety and emergency evacuation procedures for The Quadrant.	
19/125	**Chair's remarks** The Board: 1. expressed its great sorrow at the tragic loss of two colleagues who died near Margam, having been hit by a train whilst working on the track. The Board offered its condolences to the family, friends and workmates of our colleagues who tragically died; 2. congratulated Richard Brown on being awarded the French Légion d'honneur in recognition of his contribution to Franco-British relations; 3. congratulated Sir Peter Hendy on his reappointment as Chair of Network Rail for a further two years; 4. noted recent political changes, notably Boris Johnson MP as Prime Minister, Grant Shapps MP as Secretary of State for Transport, the appointments of Chris Heaton-Harris MP and George Freeman MP, both as Minister of State for Transport, and the appointment of Paul Maynard MP as Parliamentary Under Secretary; 5. noted that Doug Oakervee had been asked by the Prime Minister to review the	

	HS2 project, and propose whether the project should proceed and what changes should be made to it if it did; *Bridget Rosewell joined the meeting.* 6. discussed the linkages between HS2 and Northern Powerhouse Rail (a strategic rail programme of Transport for the North), and how they also informed investment decisions on other parts of the rail network; 7. reflected on recent discussions about the Williams' Review; and 8. was updated on the joint Network Rail and East West Rail Company cost review of the East West Rail programme and some of the initial findings.	
19/126	**Minutes of previous meetings** Subject to minor amendments, the minutes of the Board meeting held on 28 June 2019 were approved.	
19/127	**Action list** The Board discussed the action list, in particular action 19/61.3 in relation to the CP6 Enhancements Fund regime. While the Board was interested to see the enhancements pipeline, it was concerned about the delays in schemes being approved and given funding. These delays would mean that Network Rail would not meet its target and budget for delivering enhancements in 2019/20, and made it very difficult to effectively prioritise renewals work.	
19/128	**Directors' interests** No updates were declared.	
19/129	**Chief Executive's Report** The Chief Executive discussed with the Board: 1. the police investigation and the initial findings of the RAIB investigation that followed into our colleagues' deaths near Margam; Network Rail's own investigation had also commenced to understand what had happened and what lessons could be learned from this tragedy. Some of the safety challenges that Network Rail faced were not unique to the rail industry and the executive team was encouraged to work with other industries to learn how they were addressing similar issues; 2. the safety task force that had been set up aimed at improving safety for colleagues that work on or near the railway. The task force was a partnership intended to involve key rail industry players, including the Office of Rail and Road (ORR), trades unions and contractors and would bring together and coordinate multiple strands of work from across Network Rail. The task force and its budget had been approved before the tragedy in Margam. The Board asked to see (i) the scope of the task force's remit and (ii) to have regular updates on the progress made. 3. the need for a review of the Company's Industrial Relations strategy. An update would be provided to the Board in due course; 4. the disruption to passengers' journeys on several routes caused by recent extreme hot weather which had affected overhead line equipment (OLE). This was being investigated to understand the root causes and identify remedial actions. Generally, through anticipated temporary speed restrictions,x the track had performed reasonably well during the hot weather; 5. continued problems with energising the OLE wires in the Severn Tunnel due to	Martin Frobisher Pauline Holroyd

	contamination of those wires. Network Rail had now changed its approach to this issue to avoid delaying the wider project;	
	6. concerns about the TransPennine Route Upgrade, which would be discussed in more detail later in the meeting; and	
	7. disruption for passengers on West Midlands Trains as a result of trying to satisfy the competing additional service obligations contained within the franchise agreement which were detrimental to overall performance resilience and recovery.	
19/130	**Chief Financial Officer's Report** The Chief Financial Officer discussed with the Board financial performance, efficiencies, corporate finance and business development, regulation, treasury/ funding matters, the upcoming spending review and potential issues for suppliers and partners. The main concern was the lack of spend on enhancements. This was partly due to projects not progressing through governance processes and being formally approved as quickly as had been expected and therefore funding not being released to allow further development work to begin. It was now too late to recover the position for 2019/20, so work was focused on getting the approvals now to allow work to commence in 2020/21. The Board expressed some surprise at the changes to the ORR's Regulatory Escalator in the period.	
19/131	**Board Effectiveness Review** *Bridget Rosewell re-joined the meeting.* The Board discussed paper 80/19 which outlined the recent evaluation of Board effectiveness, set out the findings of that review and the proposed recommendations to address those findings. The evaluation was conducted in three phases: surveys, an interview process and a distillation of views and insights into a summary. Those participating in the survey and interview process included Board members, members of the Executive Leadership Team, and representatives from the DfT, Transport Scotland and the ORR. The headline result was that the Board was considered to be "strong and effective". There were some areas where improvements could be made: i. as a result of the completion of the periodic review process, for the forthcoming year more time could be devoted to discussing and setting strategy and otherwise planning for the future; ii. the Board requested deeper insight into the views of, and priorities for, the DfT; iii. the content of meeting agendas would be reviewed, and the quality of meeting papers required continued improvement; and iv. changes were required to some Board committees. Following discussion the Board **AGREED** that: 1. a new Environmental Sustainability committee of the Board would be established. The initial work to scope the remit of this committee would be led by Sharon Flood. The remit of the Safety, Health & Environment Committee would be amended to reflect this. *Bridget Rosewell left the meeting.* 2. the Works Assurance Committee would become an executive committee,	

	although attendance at one meeting would form part of the non-executive director induction programme;	
	3. Business Plan Committee meetings would continue to be scheduled, however they would only go ahead if there was a business need; and	
	4. at future Board meetings the agenda for the next meeting would be circulated together with a forward plan for meetings in the coming year.	
	The Board thanked Bridget Rosewell, Stuart Kelly and Nicky Cordingley for their commitment to ensuring that the Board effectiveness review was a robust and meaningful exercise.	
19/132	**Traffic Management update**	
	Stuart Calvert, Michael Flynn and Andy Jones joined the meeting.	
	The Board discussed paper 73/19 which provided an update on the deployment of the Traffic Management system. This was an operational software-based information system that helped to effectively manage the flow of trains across the network, reducing delays and disruption for passengers and freight.	
	Deployment of the system had been challenging, with a reluctance in some areas to adopt this new system of work. Network Rail was working to understand this reluctance and how best to address it. This would include engagement with the trades unions.	
	Aside from the cultural issues to be addressed, management had recognised that the implementation of Traffic Management had not been based on clearly articulated outcomes. This also needed to be addressed.	
	The Board thanked Messrs Calvert, Flynn and Jones for the honesty and clarity of their report.	
	Stuart Calvert, Michael Flynn and Andy Jones left the meeting.	
19/133	**Lessons from transport for the sponsorship of major projects**	
	Susanna May joined the meeting.	
	The Board welcomed Susanna May from the DfT, who updated the Board on the workstreams resulting from the DfT/IPA report titled "Lessons from transport for the sponsorship of major projects" which was published in April 2019.	
	The report had highlighted a number of lessons which had been known about for some time, but for which it had proved to be difficult to embed solutions. As such the work now being done was considered to be a significant opportunity for sustained change.	
	Workstreams had been established to embed the 24 lessons, and workshops were being held with 11 key projects to identify actions to embed each of the lessons within those projects.	
	The ensuing discussion highlighted the following:	
	• that a common vocabulary had not been adopted with the same word (e.g., client, sponsor) having different meanings in the different agencies, resulting in misunderstanding and confused messaging; • Network Rail remained concerned that projects were being pursued before the parties involved had a clear understanding of the business case and required outcomes; • it was vital that all parties knew and understood their accountabilities, and those of the other parties;	

	• the importance of involving all relevant stakeholders from the beginning of a project, i.e., not engaging with train operators until shortly before project 'go live'. This would also help in defining a clear scope and business case for the project; and • the importance of government, local authorities and other key stakeholders not promising to deliver projects before they had been fully scoped and costed, and the inter-dependencies understood and addressed. The Board thanked Susanna May for a very constructive discussion, and stressed how important they believed this work to be for the successful delivery of projects for the benefit of passengers and freight. *Susanna May left the meeting.*	
19/134	**Rail Sector Deal update** *Stuart Calvert joined the meeting.* Paper 74/19 updated the Board on the Rail Sector Deal. This came from the Government's Industrial Strategy, which aimed to boost productivity by backing businesses to create good jobs and increase the earning power of people throughout the UK, with investment in skills, industries and infrastructure. The Board noted that Network Rail had actively supported the Rail Supply Group's (RSG's) work on the Rail Sector Deal, and had identified people within Network Rail to support the RSG's appointed industry champions. The Board would further review the progress of the Rail Sector Deal in May 2020. *Stuart Calvert left the meeting.*	Stuart Calvert
19/135	**Train Accident Risk (Waterloo RAIB report)** *Kamini Edgley and Martin Jones joined the meeting.* Paper 76/19 responded to request from the Board as to how Network Rail was addressing the recommendations from the Rail Accident Investigation Board's (RAIB) investigation into the train collision a London Waterloo in August 2017. The direct cause of the collision related to the wiring of a particular signal. The Board was told that RAIB had found no failings with Network Rail's processes. However, RAIB did find that there had been (i) a failure to comply with Network Rail processes and/or (ii) Network Rail processes had been replaced by other, unauthorised processes. The Board discussed this matter, in particular: • that Network Rail worked with IRSE, the professional body for signalling engineers, to assess the competency of front line workers; the Board asked that management review how it assured itself that the work of IRSE was sufficiently robust and reliable. This was particularly important, and would become increasingly so, with the transition to digitise railway signalling; • how Network Rail ensured that the processes that worked on paper also worked in practice, and that the Company was again using practical rather than online assessments; and • how non-compliance with processes was handled within Network Rail, the "fair culture" process and the withdrawal of competency certificates from employees. *Kamini Edgley and Martin Jones left the meeting.*	Martin Frobisher

19/136	**Network Rail Consulting – business update**	
	Nigel Ash and Susan Cooklin joined the meeting.	
	The Board was updated on Network Rail Consulting's progress since its last review in July 2017 (paper 77/19).	
	Nigel Ash explained that from incorporation the rationale for Network Rail Consulting (NRC) had been to showcase Network Rail's expertise around the world and to help attract and retain talented individuals by developing their commercial acumen.	
	The Board was updated on NRC's existing contracts and pipeline of potential new contracts in the United States, Canada, Australia, New Zealand, Dubai and Saudi Arabia.	
	The Board discussed:	
	• the safety and security of staff working overseas;	
	• the co-ordination of work done by NRC, TfL Consulting and Crossrail International;	
	• whether the ambition of developing Network Rail employees by seconding them to NRC was being achieved; and	
	• the type of, and future strategy for winning, contracts in NRC's operational territories, particularly the US and Saudi Arabia.	
	The Board welcomed this clear and helpful paper.	Andrew Haines
	In terms of the future development of NRC, the Board asked that a proposal be discussed by the Executive and an agreed course of action be brought back to the Board for consideration.	
	Nigel Ash left the meeting.	
19/137	**Procurement and Contracting update**	
	Clive Berrington joined the meeting.	
	Paper 78/19 updated the Board on the strategic progress of the Route Services Contracts & Procurement Transformation programme.	
	The Board noted that pursuant to the Putting Passengers First programme, all of Network Rail's procurement and commercial activities would be brought together into either Route Services or the Regions, with the Route Services C&P Director as the professional head.	
	Six approved category strategies had been developed with additional CP6 benefits identified. In addition a measured reduction in governance (countered with improved assurance) and greater empowerment of the Regions, was expected to deliver efficiencies in contracting and procurement. However, it was recognised that the Regions needed to develop their capability and maturity to fully exploit these efficiencies, and they would be supported by the central Contracts & Procurement team in their development.	
	The Board also discussed the legacy of some projects where contracts had been negotiated with a focus on initial costs without due recognition of longer term business needs and outcomes.	
	The Board commended Clive Berrington for the progress made so far, and looked forward to receiving an update in March 2020.	Clive Berrington

	Clive Berrington and Susan Cooklin left the meeting.	
19/138	**TransPennine Route Upgrade – Tranche 1 FBC release** *Rob McIntosh joined the meeting.* The Board discussed paper 79/19, which sought approval for the release of updated cost and schedule information as at the end of August 2019 assuming it was in line with current expectations, to allow the DfT to develop the full business case for tranche 1A of the TransPennine Route Upgrade. An outline business case had been submitted to BICC in November 2018 and approved. After some discussion the Board **AGREED** that cost and schedule information representing a P90 risk position be released at the end of August 2019 subject to it being in line with current expectations. The use of P90 reflected a more risk averse position based on design maturity at final business case. The Board stressed that while it had approved the release of this information to the DfT, this did not represent an endorsement of the business case, some elements of which required further development. *Rob McIntosh left the meeting.*	
19/139	**Prosecution report** The Board noted paper 81/19.	
19/140	**ELT and Investment Panel approvals and notable schemes** The Board noted paper 82/19.	
19/141	**Board forward agendas** The Board discussed the draft agendas for the meetings on 17 September and 22 October.	
19/142	**Any other business** None.	
There being no further business the Chair closed the meeting.		

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