

NETWORK RAIL LIMITED MINUTES



Official-sensitive		
Minutes of the meeting of the Board held on Tuesday 17 September 2019 from 09:00 at Larbert Training Centre, Off Foundry Loan, Larbert, FK5 4AW		
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	Karen Gribben, Head of Legal (Scotland), (observer) Stuart Kelly, Group General Counsel & Company Secretary Helen Martin, Senior Assistant Company Secretary Caroline Murdoch, Director, Corporate Communications Adam Wood, Management Accountant (HO) [Delivery], (observer) Alex Hynes (min 19/150) Andy White (min 19/151) Loraine Martins (min 19/152) Anit Chandarana (min 19/153) (by phone) Charles Robarts (min 19/153) (by phone) Dan Boyde (min 19/155) (by phone)	
Apologies		
No.	Item	Actions
19/143	<u>Safety briefing</u> The Board was briefed on the health, safety and emergency evacuation procedures for Larbert Training Centre.	
19/144	<u>Directors' interests</u> Sir Peter Hendy declared that he was a member of the advisory panel supporting Doug Oakervee in his review of HS2. No other interests were declared.	
19/145	<u>Chair's remarks</u> The Board discussed: <ul style="list-style-type: none"> • the stakeholder event the previous evening, which had generated some interesting and helpful discussions. • introductory meetings that had been held with the Prime Minister, Secretary of State for Transport and transport Ministers following their appointments. • the recent rail performance round table hosted by the Secretary of State, attended by Network Rail and representatives from the train operating companies. 	

	<ul style="list-style-type: none"> • the content of the Spending Round 2019. The DfT had since published the Rail Network Enhancements Pipeline Autumn 2019 update. This gave visibility of enhancement works, helping to maintain the flow of work and assist the supply chain with their planning. • the Oakervee review of HS2. The initial report was expected to be published during Autumn 2019. Pursuant to the potential outcomes of the Oakervee Review, Network Rail was working to understand the consequential effects of those outcomes on other enhancements programmes and the network. • the risk horizon scanning meeting and looked forward to discussing the output of that meeting. • a recent meeting of the Transport for the North board. • the National Infrastructure Commission's study into resilience; the scope of that study was out for consultation. • the East West Rail programme, in particular (i) the interfaces with HS2 and (ii) the joint EWR and Network Rail review of the western section. • preparations in the Wales & Western Region for the introduction of the December 2019 timetable, including rolling stock; the Board noted in particular the quality of the collaboration between the Region and GWR on this. 	
19/146	<p><u>Minutes of previous meetings</u></p> <p>Subject to a minor amendment, the minutes of the Board meeting held on 31 July 2019 were approved.</p>	
19/147	<p><u>Action list</u></p> <p>The Board reviewed the action list. The Board discussed the status of implementing SCADA (a single national solution to manage the national railway electrical control network), in particular Raynes Park and Rugby, and the impact of these delays. Although the action was closed, more work was being done in relation to SCADA and the wider issues.</p>	
19/148	<p><u>Chief Executive's Report</u></p> <p>The Chief Executive discussed with the Board:</p> <ul style="list-style-type: none"> • the Improvement Notices (Notices) issued by the Office for Road and Rail (ORR) immediately following the tragic events at Margam. The Board had previously agreed that the Notices were appealed on the basis that: firstly, they were not justified and were an unhelpful reaction to the tragedy; and secondly, they failed to set out with any clarity what the ORR considered would be required to discharge them. <p>Network Rail had set up a Safety Task Force under the leadership of Nick Millington, Head of Maintenance Delivery. This task force had been set up to continue improving safety for colleagues on the railway. This involved key industry participants, including the ORR. Progress against delivering the task force's action plan would be tracked by the Executive Leadership Team, with regular updates provided to the Board.</p> <p>Network Rail had separately engaged with the ORR since the issue of the Notices. Network Rail maintained its disagreement with the ORR, based on its belief that there was no justification for issuing the Notices. Progress had been made in the discussions and there was tacit agreement on what would to be done to allow the ORR to consider the Notices as discharged.</p>	

Network Rail had asked the ORR to consider re-issuing the Notices with the necessary clarity. The ORR had declined this request.

The Board was disappointed by the ORR's refusal to withdraw and re-issue clearer notices. The Board disagreed with the ORR's position in maintaining that there was a justification for issuing the Notices but:

AGREED that on this occasion the appeal against the Notices, as originally drafted, would be withdrawn. This would allow efforts and resource to be focused on the work of the task force. Some of the outcomes from that task force would in turn lead to the discharge the Notices

PROVIDED THAT it was made clear in correspondence:

- what had been agreed with the ORR;
- what Network Rail would do; and
- that both the ORR and Network Rail expect that this would lead to the discharge of the Notices.

Nick Millington would be invited to attend a future Board meeting to discuss the work of the Safety Task Force.

- safety more generally recognising that although a lot of progress had been made on safety behaviours and performance, there were still too many instances where people did not follow the controls and procedures that had been designed to improve their safety.
- that the executive be encouraged to ensure it was rigorously considering the opportunities to modernise and rationalise the procedures for taking and handing back possessions in a safe way so as to optimise the use of access opportunities;
- the initial findings of Network Rail's investigation into our colleagues' deaths at Margam;
- the power outages that had affected the network in August 2019. Enquiries were being made to understand whether it was possible for Network Rail's power supply to be awarded 'protected' status. However, the Board acknowledged that a major factor in the disruption caused to passengers was the unexpected way the trains had responded to the power outage.
- the energisation of the line from Bristol via Newport to St Brides as part of the GWEP programme, which had gone well. However, the programme continued to face cost pressures, and the Severn Tunnel was a continuing technical problem.
- the current position on the future of British Steel and the future supply of rail to Network Rail. This was being kept under close review by the executive team.
- All routes had now been '*stood up*' under the Putting Passengers First programme. Tranche 2, in November 2019, would be the devolution of IP Track and Signalling. The remainder of IP at that time (circa 500 people) would become part of the CFO's directorate.

The Board **NOTED** that Jo Kaye would be leaving Network Rail in December 2019 and acknowledged that she had been a trail-blazer during her career at Network Rail, and Railtrack before that. Jo's contribution to Network Rail would be missed. The Board wished her well for the future and hoped there would be an opportunity to express their appreciation in a suitable environment.

Andrew
Haines

19/149	<p><u>Chief Financial Officer's Report</u></p> <p>The Board discussed, amongst other things:</p> <ul style="list-style-type: none"> • the recognition by government that enhancement approvals needed to be prompt so that Network Rail could manage its pipeline of works in an efficient way, and to satisfy the need for committed revenue flows to the supply chain. • the continuing discussions with The Arch Company to secure the access Network Rail required to carry out routine inspections of the arches. • the inclusion of the adequacy of Network Rail's preparations for efficient delivery in CP6 on the regulatory escalator, which given Network Rail's performance in CP5 was understandable. • the targets on reducing delay minutes attributable to Network Rail, which looked achievable. Most train cancellations were TOC instigated, partly due to the lack of crew, especially at weekends for those TOCs who were unable to mandate weekend working for train crew. • incidents of suicide and trespass on the railway continued to account for a large proportion of Schedule 8 payments. A more radical approach was needed to tackle these incidents, and the recovery. <p>The Board asked that in their reports the Regions comment on progress for delivering efficiencies in future years rather than simply focussing on the current year.</p>	
19/150	<p><u>Regional review - Scotland</u></p> <p style="text-align: center;"><i>Alex Hynes joined the meeting</i></p> <p>The Board reviewed the Scotland Region with Regional Managing Director, Alex Hynes (paper 84/19).</p> <p>Amongst other things, the Board discussed:</p> <ol style="list-style-type: none"> 1. operational safety <ol style="list-style-type: none"> a. a joint Network Rail and train operating company workshop was being held to address the number of "signals passed at danger" (SPaDs). The most frequent reason given for SPaDs was 'driver distraction' b. the Scotland Region planned to fit the train protection and warning system on plain-line track, to help reduce the potential outcome of SPaDs c. a brake failure on the Caledonian Sleeper service in August 2019 d. red zone working 2. the Scottish First Minister's plans to decarbonise Scotland's Railways by 2035 by procuring battery-powered trains and exploring whether hydrogen-powered trains might be feasible for Scotland. An option for freight would be the use of electric traction though that was not without logistical challenges. 3. train service delivery <ol style="list-style-type: none"> a. declining train performance (measured by consistent route measure for passenger performance (CRM-P)) from Summer 2017/18 through to Winter 2018/19 had been reversed since December 2018. CRM-P was the delay for which Network Rail was responsible (such as infrastructure assets, weather-related delay and timetabling) b. a robust plan for Scotland's Railway had been developed to prepare for Autumn 2019, with the first steps taken on 16 September c. the success of Scotland's electrification programme, and how that knowledge was being shared within Network Rail more widely 	

	<p>4. plans to grow rail freight in Scotland</p> <p>5. work being done to professionalise leadership training in Scotland Region, so that everyone in a line management role had a qualification in leadership and management (different roles would require different qualification levels). Initially the focus would be on people already in leadership roles acquiring qualification, and</p> <p>6. the planned re-instatement of the branch line to Levenmouth, Fife.</p> <p style="text-align: center;"><i>Alex Hynes left the meeting</i></p>	
<p>19/151</p>	<p><u>Customer Service</u></p> <p style="text-align: center;"><i>Andy White joined the meeting</i></p> <p>The Board discussed the progress of the Customer Experience Programme as set out in paper 83/19. The purpose of this programme was to transform Network Rail into an organisation with the skills, culture and focus to put customers at the heart of everything it did.</p> <p>An early part of this programme was to provide the leaders in every region and function with the support, tools, training and information they need to embrace and lead this change.</p> <p>The Board heard that some parts of this programme were being developed, such as the cycle of learning about customer experience and relevant leadership skills. Other aspects were being trialled in specific Regions or Functions before being rolled out more widely.</p> <p>The Board NOTED that:</p> <ul style="list-style-type: none"> • in addition to safety moments, meetings often now had a passenger or customer experience moment; and • it would receive regular updates on the programme. <p style="text-align: center;"><i>Andy White left the meeting</i></p>	
<p>19/152</p>	<p><u>ORR consultation on passenger accessibility</u></p> <p style="text-align: center;"><i>Lorraine Martins joined the meeting</i></p> <p>Paper 85/19 outlined the work Network Rail was doing in response to the ORR's consultation on improved assisted travel – changes to guidance for train and station operators, part of the Accessible Travel Policy (formerly Disabled People's Protection Policy).</p> <p>The Accessible Travel Policy would provide clearer, more user-friendly guidance to Network Rail and train operating companies on helping disabled passengers, making accessibility information about stations and services available to disabled passengers, ambitions to reduce notice periods for passenger assistance, and offering redress where assistance failed.</p> <p>Network Rail welcomed the Policy; noting the guidance was wholly in-line with its own access and inclusion programme for 2019/20. Some challenges had to be resolved ahead of full compliance at Network Rail's managed stations.</p> <p>The Board welcomed the work being done in this area, and thanked Lorraine Martins for her advocacy of this work.</p> <p style="text-align: center;"><i>Lorraine Martins left the meeting</i></p>	

<p>19/153</p>	<p><u>Williams' Review - update</u></p> <p><i>Anit Chandarana and Charles Robarts joined the meeting</i></p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p><i>Anit Chandarana and Charles Robarts left the meeting</i></p>	
<p>19/154</p>	<p><u>Engineering and operations capability - update</u></p> <p>The Board reviewed paper 87/19, which provided an update on work being done in response to the McNaughton and Ward reports into Network Rail's engineering and operations capability, respectively, which were conducted through to January 2019.</p> <p>Network Rail had committed to addressing the findings from the two reports but had left it to the Regions and Functions to determine what would be done and how.</p> <p>There were differences in approach and the speed with which things were being done, but things were seen to be changing.</p> <p>The Board challenged:</p> <ul style="list-style-type: none"> • whether those on graduate training schemes spent enough time on the front line to give them a broad understanding of the issues and challenges being faced by colleagues; and • the extent to which the Regions came up with their own solutions rather than simply reflecting what they thought the support functions would do. Regional Managing Directors would be asked to report on this. 	
<p>19/155</p>	<p><u>Performance improvement order – quarterly update</u></p> <p><i>Dan Boyde joined the meeting</i></p> <p>The Board discussed paper 88/19, which provided an update on how Network Rail was addressing the concerns raised in the ORR's Performance Improvement Order (Order).</p> <p>Network Rail regularly reviewed with the ORR its progress against delivering the actions that had been agreed to halt the declining trend in punctuality and deliver sustainable long-term performance improvements.</p> <p>Generally, Network Rail was on target with delivering the actions set out in its original response to the Order. However slower progress was being made in some areas, partly due to the business ensuring that the actions delivered were sufficiently robust and sustainable.</p> <p>The next quarterly update to the ORR would include an explanation of how weather, particularly the extremes of weather experienced in recent years, impacted upon railway operations.</p> <p><i>Dan Boyde left the meeting</i></p>	

19/156	<p><u>Committee update – SHE</u></p> <p>There was nothing material to report to the Board from this committee.</p>	
19/157	<p><u>Prosecution report</u></p> <p>The Board noted paper 89/19.</p>	
19/158	<p><u>Company Secretary’s report</u></p> <p>Having considered paper 90/19 the Board RATIFIED:</p> <ol style="list-style-type: none"> 1. The appointments to subsidiary company and related boards: <ol style="list-style-type: none"> a. John Rowland, as a director of Network Rail MTN Finance Limited; b. John Halsall, as a director of Network Rail Property Limited and the Property Supervisory Board, in place of Paul McMahon who had resigned c. Sir Peter Hendy as Chair of the Property Supervisory Board, when Chris Gibb retired from the Board in November 2019 2. The resignations from subsidiary company and related boards: <ol style="list-style-type: none"> a. Paul McMahon as a director of Network Rail Property Limited and the Property Supervisory Board b. Chris Gibb as Chair of the Property Supervisory Board and a director of Network Rail Property Limited in November 2019 c. Tom Downes as an independent non-executive director of Network Rail Consulting Limited in October 2019 3. the use of the Company’s seal as set out in the paper. <p>The Board NOTED the proposal to establish an Environmental Sustainability Advisory Committee and looked forward to reviewing the proposed terms of reference and membership of that committee.</p>	
19/159	<p><u>Future Board agenda planning</u></p> <p>The Board reviewed the draft October agenda and forward plan and suggested some amendments.</p>	
19/160	<p><u>Lessons learned: Delivery Plan / Business Plan / PR18 / RF11</u></p> <p>The Board reviewed paper 91/19 and noted that these lessons would be incorporated into Network Rail’s planning for CP7.</p> <p>In addition, the Board asked that the plans address:</p> <ul style="list-style-type: none"> • the impact of separating enhancement programmes from the core plan and the need for enhancement approvals to continue to flow to help efficient work planning in Network Rail and the supply chain; and • climate change and the potential impact of carbon pricing. It was noted however, that this may be addressed via regulatory change rather than strategic planning. 	
19/161	<p><u>Western Rail Link to Heathrow</u></p> <p>The Board reviewed paper 92/19, which provided an update on the Western Rail Link to Heathrow project.</p>	

19/162	<p><u>Delegation of Authority - approvals</u></p> <p>The Board reviewed paper 93/19 and sought clarification that the Cambridge Interlocking Resignalling project was considering other relevant projects in the area.</p>	Jeremy Westlake
19/163	<p><u>Board forward agendas</u></p> <p>The Board reviewed the draft October 2019 agenda and forward plan and requested some amendments.</p>	
19/164	<p><u>Any other business</u></p> <p>None.</p>	
<p>Date of next meeting: 22 October 2019</p>		
<p>/s/ Sir Peter Hendy CBE Chair</p>		