

Official-sensitive

Minutes of the meeting of the Board
held on Friday 29 November 2019 from 09:00
at James Forbes House, 27 Great Suffolk Street, London SE1 0NS

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
 Maddy Williams, Senior Communications Manager, Board
 Huw James (min 19/191)
 Sally Rose (min 19/191)
 Mark Engelbretson (min 19/192)
 Rossa Donovan (min 19/193)
 Paul Crowther OBE (min 19/195)
 John Halsall (min 19/196)
 David Biggs (min 19/197)
 Neil Sachdev (min 19/197)
 Steve Smith (min 19/197)
 Helen Hunter-Jones (min 19/200)

Apologies

No.

Item

Actions

19/185

Safety briefing

The Board was briefed on the health, safety and emergency evacuation procedures for James Forbes House.

19/186

Chair's remarks

Amongst other things, the Board:

- reflected on the Board's strategy session the day before, which had been both insightful and thought provoking.
- noted the manifestos and comments being made by the various political parties with regard to infrastructure generally, the transport industry and rail in particular.
- contemplated the Williams' Rail Review and the Oakervee Review into HS2, the outcomes of which were expected to be made public after the General Election on 12 December 2019.
- recognised the tremendous efforts of many employees during and in the aftermath of severe flooding around the country; in the North and the Midlands in particular. The Board passed on their thanks and gratitude to everyone involved, acknowledging the difficult conditions people had been working in over a prolonged period.

	<ul style="list-style-type: none"> discussed the readiness of the Wales route for the December 2019 timetable change. noted that the East West Rail Company and Network Rail were jointly challenging the proposed costs of the western section of the EWR project. Potential delivery efficiencies had been identified on the Bedford to Cambridge section. These were being evaluated, and the lessons would be shared with Network Rail. noted that the National Infrastructure Commission was preparing for the next National Infrastructure Assessment. One aspect of its work was a review of flood resilience. thanked Chris Gibb and Caroline Murdoch for their contributions to the Railway Workers' Centenary Memorial Service held at Southwark Cathedral to remember the contribution of the railways during the First World War, and particularly over 20,000 railwaymen who died in service of their country. The Service had been moving, but also inspiring, due to the whole rail industry coming together and the diversity of people attending. 	
19/187	<p><u>Minutes of previous meetings</u></p> <p>Subject to one minor amendment, the minutes of the Board meeting held on 22 October 2019 were approved.</p> <p>The progress of the three Transport and Works Act orders on bulk level crossing closures referred to in minute 19/170 would be monitored.</p>	
19/188	<p><u>Action list</u></p> <p>The Board reviewed the action list, and discussed the paper provided in response to the action on post-project reviews.</p> <p>The lessons from these post-project reviews were being used as part of the project planning process to highlight potential risks.</p> <p>The Board expressed its concern that there was still too much focus on the specified project output, rather than the outcomes being delivered for passengers and freight. It was noted that assessing the delivery of the intended benefits was not easy for Network Rail as it was often not sighted on the business case for projects.</p>	
19/189	<p><u>Directors' interests</u></p> <p>In light of references made in the meeting papers to Arcadis, Mike Putnam reminded the Board that he was a member of Arcadis' Global Supervisory Board. He was not, however, involved in the work of their UK region. The Board was content that there was no conflict of interest.</p> <p>Chris Gibb reported that following the cessation of his Network Rail Board appointment, he would be employed part-time as a strategic adviser to Transport for Wales.</p>	
19/190	<p><u>Board Report</u></p> <p>The Chief Executive discussed with the Board:</p> <ol style="list-style-type: none"> the Track Worker Safety Task Force, led by Nick Millington, which was fully operational. Work was being done to understand if there was any correlation between the reduction in unassisted look out working and an increase in the number of overdue work orders. 	

	<p>2. the significant increase in flooding on the railway this year. Network Rail would work with third parties whose land adjoined the rail network, to encourage them to maintain adequate drainage on their land and employ suitable practices to avoid or mitigate the impact of the flooding on Network Rail's infrastructure.</p> <p>The opportunity to utilise the skills of capital delivery teams in the emergency incident response teams.</p> <p>Network Rail's assumptions had to be recalibrated. In some areas, what had previously been considered a once in 200 years event, had now happened twice within five years.</p> <p>In addition, Network Rail would press train operating companies to ensure route knowledge of alternative train paths was developed that could be used in the event of line blockages.</p> <p>3. In Scotland Region lessons learned from Autumn 2018, meant changes to the preparations for Autumn 2019. This had led to a significant reduction in the number of delays due to adhesion (leaves on the line).</p> <p>4. Train performance on West Coast Main Line (WCML) had been very poor, with three of the five incidents causing the most delay minutes, happening on WCML. Two of the three primary causes related to asset condition. Both were being addressed. Further information would be provided to the Board in January 2020.</p> <p>5. On the West Coast Main Line the timetable introduced by West Midlands Trains in May 2019, together with the associated rolling stock and crew requirements, had proven to be very fragile. This meant that recovery from an incident was taking far longer than previously. These issues were exacerbating the effects of delays due to asset condition, mentioned above.</p> <p>6. Preparations for the introduction of the December 2019 timetable continued. The key concern for the project management office was the availability of rolling stock and crew planning.</p> <p>The Board discussed what could be done differently around introducing new timetables.</p> <p>7. Conversations with HS2 and the DfT about the redevelopment of Euston Station continued.</p> <p>The Chief Financial Officer discussed with the Board:</p> <p>8. Work being done to close out commercial claims. Within the devolved structure the Regional Finance Director would review the scale of claims and associated risk. There would also be second line assurance from the Capital Delivery Centre of Excellence.</p> <p>The Board emphasised that it must be kept informed of potential and emerging project overspends and the use of contingency funds. This would help the Board to fulfil its role of providing rigorous challenge on project costs.</p> <p>The Board noted that Rob Brighthouse and Mike Putnam would be independently assessing the work of the Centre of Excellence, to help the Board with this assurance role.</p> <p>The Board recommended using diagnostics on successful projects to understand how scope changes had been managed and costed on those projects in case lessons could be learned.</p>	<p>Andrew Haines</p>
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	<p>The Board discussed:</p> <ol style="list-style-type: none"> 1. any potential shift in the risk profile associated with an aging membership profile; 2. the level of DC scheme contributions; 3. the history of employer contributions; 4. how the pension scheme was a retention tool for the Company, and 5. how the Company could use the provision of pension benefits as a tool to attract new employees. <p>Following that discussion, the Board was reassured that the pension schemes were in good order and provided an opportunity for employees to have a good pension in retirement.</p> <p style="text-align: center;"><i>Mark Engelbretson left the meeting.</i></p>	
<p>19/193</p>	<p><u>Network Rail's vision for lineside estate</u></p> <p style="text-align: center;"><i>Rossa Donovan joined the meeting.</i></p> <p>Paper 109/19 reported Network Rail's progress against the five recommendations directed at it by John Varley's Network Rail Vegetation Management Review.</p> <p>This Sustainable Land Use programme was funded for year 1 of CP6 and had several deliverables across live projects. There were six workstreams, five of which were based on the Varley recommendations and the sixth looking at pilot projects to validate the overall business case for change. There had been good engagement from Regions and Routes.</p> <p>The Board discussed:</p> <ol style="list-style-type: none"> 1. how this work was being managed with Network Rail employees, and with contractors. Several issues had arisen due to contractors not knowing Network Rail policy but following the policy of other organisations they worked with, although this was being addressed. 2. that Network Rail did not specify the use of evergreen plants or those that did not cause adhesion issues during Autumn, for example, as the aim was to create and encourage bio-diversity. 3. the pilot sites in Kent that had been identified to prove the new Health, Safety and Environment change programme. A visit by the Board to one or two of those sites would be arranged. 4. the more focussed approach to engaging with lineside neighbours before works began on the network. This was having very positive results. 5. the pieces of land owned by Network Rail that had no commercial value, but which could perhaps be used for bio-diversity initiatives. <p>The Board endorsed the way Network Rail was addressing its actions from the Varley Review and commended the progress that had been made so far.</p> <p style="text-align: center;"><i>Rossa Donovan left the meeting.</i></p>	
<p>19/194</p>	<p><u>Function presentation – Corporate Communications</u></p> <p>The Board discussed paper 110/19, which provided an update on the Corporate Communications function.</p>	

	<p>The team had been devolved a few years ago, with a small network level team which focused on communications strategy, large-scale communication initiatives and managing the Network Rail brand.</p> <p>Attitudes towards Network Rail from the second quarter of 2019/20 indicated that while the Company was performing relatively well on operational matters (e.g. improving and maintaining the railway and managing disruption) it was not performing well on passenger communications (e.g. “listens to customer needs and feedback” and “communicates clearly and openly”).</p> <p>The Board noted that Network Rail had significantly improved its press relations and favourability scores since 2015, which were the highest they had been for five years.</p> <p>Network Rail had also led on cross-industry, award winning safety campaigns, as well as winning several other professional awards.</p> <p>The key challenges for Corporate Communications included:</p> <ul style="list-style-type: none"> • working with Network Services and the wider industry to get timely information to passengers during unplanned disruption; • helping passengers to understand train performance, by explaining delays, weather impacts, etc.; and • being an efficient and dependable partner, recognising that Network Rail’s stakeholders judged it on the last experience they had, whether on the front line, in the stations or in the Regional or National offices. This experience was also affected by how Network Rail was portrayed on social media. 	
19/195	<p><u>British Transport Police - update</u></p> <p style="text-align: center;"><i>Paul Crowther joined the meeting.</i></p> <p>Chief Constable Paul Crowther from the British Transport Police (BTP) was welcomed to the meeting. The discussion covered:</p> <ol style="list-style-type: none"> 1. the role of the BTP, which aside from regular policing duties included being a strategic partner to Network Rail, train operating companies, Transport for London and other key stakeholders. 2. the recent increased Government funding for new police officers. Disappointingly, none of that funding had been allocated to the BTP; 3. that when investigating incidents on the rail network (for example) BTP was also mindful of the need to resume railway operations safely and speedily; 4. policing for county lines, and the associated issues of safeguarding children and vulnerable adults; 5. the increased use of technology and the sharing of data across agencies; 6. terrorism; 7. the tendency for homeless people to congregate around railway stations, and the associated issues; and 8. lessons from recent incidents about following agreed protocols, but also being able to depart from those protocols when appropriate. <p>The Board thanked Paul Crowther for his time, and for a very useful discussion.</p> <p style="text-align: center;"><i>Paul Crowther left the meeting.</i></p>	

<p>19/196</p>	<p><u>Regional update - Southern</u></p> <p style="text-align: center;"><i>John Halsall joined the meeting.</i></p> <p>Having read paper 111/19 the Board discussed:</p> <ol style="list-style-type: none"> 1. The Southern Region operating model, which included the usual templated roles but also had a Stations Director (with stations being treated as a notional 'route' within that region). All accountabilities and responsibilities sat with the Route teams. <p>The ethos was that the Regional team was there to serve its Routes.</p> <ol style="list-style-type: none"> 2. That a lot of attention was given, quite rightly, to preventing front line workers from losing their lives while at work. However less focus was given to preventing death amongst the workforce due to poor physical health or mental wellbeing, although statistically that was more likely to happen. <p>Compared to the general population, front line workers in the Southern Region were (i) more likely to be obese (and have associated health problems) and (ii) be 45 years or older.</p> <p>There appeared to be an opportunity to tackle the risk of premature death amongst frontline workers. The Southern Region was at the beginning of tackling these issues.</p> <ol style="list-style-type: none"> 3. The three primary causes of delay on South Western Railway were attributable to Network Rail. Asset performance was the best it had been for some years but was still not good enough. A number of 'golden assets' had been identified and would be the initial focus of the team. 4. That even with the problems referred to under 3 above being fixed, there would still be significant train performance issues. This was due to the congested nature of the timetable and the limitations imposed by the restrictions on the availability of rolling stock and train crews. These matters were under active discussion with the Train Operating Companies. Consideration was being given to removing a very small number of trains from the peak service, which would allow other trains to run to timetable. 5. The Board reminded management, pursuant to the imminent South Western Railway strike action, to consider the implications of starting running trains later in the morning and stopping them earlier in the evening, when there was snow and freezing weather. <p>It was noted that passenger numbers on South Western Railway had not yet returned to 2014 levels. The numbers would be circulated to the Board.</p> <ol style="list-style-type: none"> 6. Clapham Junction was the busiest interchange station in Europe. Work was being done to analyse the safety and performance risks of this aged station. However, in the meantime three interventions had been identified and were being implemented. Work would be done to help staff understand the particular risks associated with an old station, and to be confident in managing them. <p style="text-align: center;"><i>John Halsall left the meeting.</i></p>	<p>John Halsall</p> <p>John Halsall</p>
<p>19/197</p>	<p><u>Property Strategy</u></p> <p style="text-align: center;"><i>David Biggs, Neil Sachdev and Steve Smith joined the meeting.</i></p> <p>The Board discussed paper 112/19 which provided an update on Network Rail's property Strategy for CP6.</p>	

	<p>The Board noted that the property team comprised land and retail professionals focused on serving rail passengers, freight users and lineside neighbours.</p> <p>Current market conditions were making it more difficult to develop and sell land.</p> <p>The retail sector generally continued to see falling sales, although travel retail appeared to be holding up relatively well. The restaurant sector, including some of the station outlets, continued to struggle. Despite this, retail sales at Network Rail managed stations showed positive growth on a like-for-like basis compared with the British Retail Consortium retail figure, which showed a decline.</p> <p>Property was being partially devolved to the Regions, with each being responsible for property asset management and setting the strategic direction for property. The Stations & Depots team would transfer to Network Services. However, there would remain a central Property function to manage:</p> <ul style="list-style-type: none"> • commercial relationships with national retailers; • the professions within property, such as surveying; and • medium- to longer-term property developments, including those that spanned control periods. <p>The Board noted that the commercial estate was now being run on a 'sustainable income model' with investment in property being designed to grow income.</p> <p>The Board discussed how the team was working to improve the productivity of Network Rail's land. There was ambition to bring forward sites that were difficult to develop and to create 'new land' through over-site or over-railway development. Key to progressing this opportunity and maximising the income from this land, was to secure some working capital for the feasibility and initial planning and development phases.</p> <p>The Board noted that there were existing examples of this type of development and asked what was new about this opportunity. It was explained that the value of these developments had risen, as had the demand for housing. In addition, technology had moved on, making it easier to build on such sites and create open spaces.</p> <p style="text-align: center;"><i>David Biggs, Neil Sachdev and Steve Smith left the meeting.</i></p>	Jeremy Westlake
19/198	<p><u>Network Rail Certification Body (NCB)</u></p> <p>The Board discussed paper 113/19 which sought the Board's views on NCB's plans to develop its business.</p> <p>Subject to having first received approval from the Department for Transport, the Board APPROVED the incorporation of a new legal entity to be the vehicle through which NCB could offer additional support services at outlined in the paper.</p> <p>The Board posed some questions around (i) the potential provision of such services to bodies outside the Network Rail group, and (ii) the extent of the liabilities that Network Rail could become exposed to by NCB offering such services outside of the Network Rail group.</p>	Jeremy Westlake
19/199	<p><u>Network Rail Limited – Interim Accounts 2019/20</u></p> <p>The Board reviewed paper 114/19, Network Rail Limited's Interim Accounts for the six months ended 30 September 2019.</p> <p>The Board noted that the Audit & Risk Committee had reviewed these Interim Account and recommended them to the Board for approval.</p> <p>The Board also noted that the announcement of these interim results could not happen until after the General Election on 12 December 2019. Accordingly, the Board</p>	

	<p>AUTHORISED a committee of the Board comprising Jeremy Westlake and one other director to formally approve these interim accounts prior to their publication on or around 16 December 2019.</p>	
19/200	<p><u>Risk overview</u></p> <p style="text-align: center;"><i>Helen Hunter-Jones joined the meeting.</i></p> <p>The Board discussed paper 115/19, in particular:</p> <ul style="list-style-type: none"> • how Network Rail's principal risks were identified, assessed and monitored; • what the principal risks were; • how the Level 0 business assurance committee challenged the risks; • how the industry risk profile was being developed; and • how the outputs of the horizon scan meeting were being used and developed. <p>The Board questioned how risk was evolving within regional structures, and how regional risks were different to route risks. The Regions each had agreed risk profiles and were working to capture and assess their risks ahead of their business assurance committee (BAC) meetings in January 2020. Routes would also have BAC meetings.</p> <p>It was currently expected that Region risks would be like those at the corporate level.</p> <p>Given the Audit & Risk Committee (ARC) reviewed risks, the Board asked how that discussion would be different from the Board discussion. It was noted that risk owners attended ARC and the discussions were more operational. The Board was likely to deep dive into just 2 or 3 risks of its choice, or which ARC recommended, or which the Board should be aware of because of the nature of the risk.</p> <p>The Board asked to see more on business continuity management and supply chain risk.</p> <p>This being Helen Hunter-Jones' last Board meeting before starting a new job, the Board thanked her for her contribution to risk management within Network Rail and wished her well for the future.</p> <p style="text-align: center;"><i>Helen Hunter-Jones left the meeting.</i></p>	Jeremy Westlake
19/201	<p><u>Committee updates</u></p> <p>The Board was updated on recent discussions at the following Committee meetings:</p> <ul style="list-style-type: none"> • SHE; • Treasury; and • ARC. <p>The Board was also updated on the progress towards appointing new non-executive directors to replace Chris Gibb and Bridget Rosewell who would soon retire from the Network Rail Board.</p>	
19/202	<p><u>Prosecution report</u></p> <p>The Board noted paper 116/19.</p>	
19/203	<p><u>Company Secretary's report</u></p> <p>Having considered paper 117/19 the Board:</p> <ol style="list-style-type: none"> 1. APPROVED the following appointments: <ol style="list-style-type: none"> a. Sir Peter Hendy as chair of the Property Supervisory Board with effect from 1 December 2019; b. Mike Putnam as chair of the Safety, Health & Environment Committee with effect from 1 December 2019; 	

	<ul style="list-style-type: none"> c. Andrew McNaughton as a director of Network Rail (High Speed) Limited as of the date of its next board meeting; and d. Nick King as a director of Network Rail Consulting Limited as of the date of its next board meeting. <p>2. APPROVED</p> <ul style="list-style-type: none"> a. the Network Rail Infrastructure Limited report and accounts for the year ended 31 March 2019; b. the associated Representation Letter; and c. the signing of these accounts by Andrew Haines and Jeremy Westlake in the required places. <p>3. RATIFIED the use of the Company's seal as set out in the paper; and</p> <p>4. NOTED the progress being made on the quality of meeting papers, and ENDORSED the proposed next steps. The Board had commented that improvement had been made, although there was more work to be done.</p>	
19/204	<p><u>Future Board agenda planning</u></p> <p>The Board reviewed the draft January 2020 agenda and forward plan.</p>	
19/205	<p><u>Delegation of Authority - approvals</u></p> <p>The Board reviewed paper 118/19.</p>	
19/206	<p><u>Any other business</u></p> <p>The Chair noted that this was Chris Gibb's last Board meeting at Network Rail, having been a director for six years. The Board recognised his superb contribution over that time, and thanked him for being a valued friend and trusted advisor.</p>	
Date of next meeting: 21 January 2020		
<p>..... Chair</p>		