

Official-sensitive		
Minutes of the meeting of the Board held on Tuesday 3 March 2020 from 09:00 at Destinations Place, Gatwick Airport, West Sussex, RH6 0NP		
Present	Sir Peter Hendy (Chair) Rob Brighthouse Richard Brown Sharon Flood Andrew Haines	Silla Maizey David Noyes Mike Putnam Jeremy Westlake
In attendance	Michael Harrison, UKGI observer Stuart Kelly, Group General Counsel & Company Secretary Helen Martin, Senior Assistant Company Secretary Anit Chandarana, Chief of Staff (min 20/21 to 20/29 only) Caroline Murdoch, Director, Corporate Communications (min 20/21 to 20/29 only) Brian Hatfield (min 20/27 only) Harriet Hepburn (min 20/27 only) Dan Boyde (min 20/28 only) (by phone) Stuart Calvert (min 20/30 only) (by phone) Mark Langman (min 20/30 only) (by phone) Francis McGarry (min 20/30 only) (by phone) Martin Frobisher (min 20/36 only) (by phone)	
Apologies	Bridget Rosewell	
No.	Item	Actions
20/21	<p><u>Chair's remarks</u></p> <p>The Chair discussed with the Board:</p> <ol style="list-style-type: none"> 1. that the Oakervee Review of HS2 was published on 11 February 2020 and that the Prime Minister had announced the Government's continued commitment to the full construction of High Speed 2, alongside Northern Powerhouse Rail and further investment in the North's transport system. The Board had received a written update on the status of Network Rail's work and forward agenda in response to the Government's proposals as currently known. 2. the Williams' Rail Review. 3. the Government's initiative to reinstate local rail services and closed stations axed by the Beeching Review in the 1960s. 4. The Chancellor of the Exchequer's recent visit to Kings Cross Station and his forthcoming visit to a station in the North. 5. the status of the East West Rail programme, and the work being done by Network Rail and East West Rail Company on pricing and cost control. <p>The Board thanked employees and contractors for the important and dedicated job they were doing in response to Storms Ciara and Dennis, which had caused severe flooding across Great Britain. Their sustained hard work in hugely challenging conditions was recognised and appreciated.</p>	

20/22	<p><u>Minutes of previous meetings</u></p> <p>Subject to some minor amendments the minutes of the Board meeting held on 21 January 2020 were approved.</p>	
20/23	<p><u>Action list</u></p> <p>The Board reviewed the action list.</p> <p>The Board noted the update on the communications plan in support of the capital delivery challenge and how it fit with Network Rail's wider efficiency drive. The Board also noted that communications on capital delivery were one part of the wider programme of corporate messaging. From Summer 2020 the Board would receive updates on efficiencies that reflected the work being done on capital delivery.</p>	Jeremy Westlake
20/24	<p><u>Directors' interests</u></p> <p>For the sake of transparency, Sharon Flood advised the Board of an external appointment she would likely take on later in 2020. She would update the Board in due course.</p>	
20/25	<p><u>Board Report</u></p> <p>The Chief Executive discussed with the Board:</p> <ol style="list-style-type: none"> 1. four serious and worrying health, safety and wellbeing situations involving Network Rail employees and contractors within the last week. 2. the impact of the high winds and flooding experienced across the network following Storms Ciara and Dennis. This had led to speed restrictions, damage to overhead line equipment and landslips. <p>As just one example, the Conwy Valley Line in Wales had been under water for three weeks, with currently no indication of when the line would re-open.</p> <p>The Board discussed the costs of repairing the network following storm damage and how those costs would be funded.</p> <ol style="list-style-type: none"> 3. the impact of two significant freight derailments recently, one between Leyton Midland Road and Walthamstow Queens Road and the other at Eastleigh station. Both derailments were being investigated to identify the root causes. 4. continuing poor train performance, some of which was connected to the adverse weather as already discussed. <p>Regions were making more use of videos and blogs to explain to passengers the scale and complexity of the work that was being done, and why sometimes it took longer than they might expect. This engagement with passengers was well received.</p> <p>Train service delivery had not been recovering as well as it should after delays during the evening peak. This was under review.</p> <ol style="list-style-type: none"> 5. Network Rail's plans for managing the potential impact of employees contracting the COVID-19 virus. Health advice had been widely shared with employees and would be circulated to the Board. The situation continued to be monitored. <p>One Non-executive director shared their experience of managing a Norovirus outbreak in a previous role, and discussed other mitigating actions the executive team may wish to consider adopting in Network Rail.</p>	Martin Frobisher

	<p>The Board discussed the extent to which the Company's Business Continuity Plan had assisted in planning for a wider outbreak of Coronavirus. The Director, Network Services would attend the Audit & Risk Committee to discuss this.</p> <p>6. that the Department for Transport had put the Government-controlled Operator of Last Resort in charge of running train services previously operated by Arriva Rail North. This train operator was now branded as Northern Trains Limited.</p> <p>7. the major remodelling works at Kings Cross station in London and the interdependencies with implementing timetable changes. The Board encouraged management to review the lessons learned about passenger communications related to major works at London Waterloo station in August 2018, where those passengers most affected by the engineering works were not the main beneficiaries of the improvements delivered.</p> <p>8. a lack of clarity around plans for some projects in the enhancements portfolio, which in part resulted from the lack of money spent on project development in CP5. Doing design and progression work concurrently rather than sequentially was being considered, noting the risks associated with this.</p> <p>The Chief Financial Officer discussed with the Board:</p> <p>9. spending plans for enhancements and the extent to which they might be affected by the Government's plans to review some of the local rail services cut and stations closed by the 1960s' Beeching Review.</p> <p>The Board also discussed the importance of starting development work on enhancements projects immediately, so that the physical work could begin during CP6.</p> <p>This would be reflected in the RF4 process, and used to inform submissions ahead of the full 2020 multi-year Spending Round.</p> <p>10. financial performance for the year to date, which was in line with expectations.</p> <p>11. that the delivery of efficiencies was expected to be on or just ahead of target at the year end. The ORR had been shown how Network Rail was monitoring costs, and were broadly content with that approach.</p> <p>The Board noted that the business' plans for delivering the efficiencies for Year 3 of CP6 were not yet sufficiently mature. This had been fed back as part of the RF8 process, and would continue to be emphasised.</p> <p>12. the proposed acquisition of Bombardier Transportation by Alstom.</p> <p>13. the current status of British Steel.</p> <p>Noting an increase in Network Rail's headcount, the Non-executive directors asked how the Company would measure the productivity of that additional headcount.</p> <p>It was also noted that the Board would be updated on how the Putting Passengers First (PPF) programme had affected headcount in the Routes, Regions and centre.</p> <p>The Board asked that consideration be given to Regions starting to report progress on emissions and decarbonisation, sustainable land use, sustainability initiatives, weather resilience etc from RF4 onwards.</p>	<p>Nick King</p> <p>Jeremy Westlake</p> <p>Jeremy Westlake</p>
<p>20/26</p>	<p><u>2019 Rolling Forecast 11 / CP6 Business Plan</u></p> <p>The Board noted that the purpose of the Rolling Forecast (RF) process was to deliver a latest view forecast of both the current financial year and the rest of the control period</p>	

	<p>so that Network Rail could check progress against its plans to deliver for passengers within its agreed funding.</p> <p>Having reviewed paper 11/20 the Board concluded that while no major changes were required to the CP6 Business Plan, the Company's targets on net zero carbon emissions would be finalised once the environmental strategy was agreed.</p>	
20/27	<p><u>ORR Holding to Account policy review</u></p> <p>The Board considered paper 13/20, which reviewed the effectiveness of this Holding to Account Policy. The Policy described how the ORR would monitor Network Rail's performance in CP6 and set out the actions it may take in the event of any perceived underperformance. The aim of the Policy was to incentivise Network Rail's compliance with its network licence through the creation of a balanced set of incentives, providing benefits for good performance and effective sanctions for underperformance.</p> <p>Network Rail believed that the effectiveness of the ORR's approach so far had been mixed. There was a disconnect between the ORR's investigations, the reporting of its findings to Network Rail and the content of the ORR's media communications.</p> <p>Network Rail's Chief Executive had discussed these issues with his counterpart at the ORR.</p>	
20/28	<p><u>Telecoms strategy</u></p> <p><i>Brian Hatfield and Harriet Hepburn joined the meeting.</i></p> <p>Paper 14/20 set out a proposed strategy to enable Network Rail to upgrade its telecoms infrastructure to meet the needs of tomorrow's operational railway, support the delivery of passenger and train connectivity and contribute to broader Government ambitions around UK connectivity to deliver greater social and economic outcomes.</p> <p>Bearing in mind that this proposal was driven by operational need, the Board discussed in particular:</p> <ul style="list-style-type: none"> • the commercial viability of third-parties wanting to invest in UK telecoms along the rail corridor in return for the ability to develop a business potentially generating a commercial return; • potential structures for the proposed transaction; • the practicalities of delivering this initiative alongside an operational railway network, while meeting the needs of passengers and other stakeholders; • how this proposal worked alongside existing railway enhancement projects; • the importance of reflecting the perceived risks and opportunities within the financial model for this proposal; • the next steps and likely timescales; and • the engagement thus far with Government. <p>The Board commended the team on the work done so far, and looked forward to reviewing the Outline Business Case in Summer 2020.</p> <p><i>Brian Hatfield and Harriet Hepburn left the meeting.</i></p>	<p>Jeremy Westlake</p>

20/29	<p><u>Performance improvement per ORR's performance improvement order – update</u></p> <p><i>Dan Boyde joined the meeting.</i></p> <p>Dan Boyde, referring to paper 15/20, updated the Board on the February 2020 response to the ORR Provisional Order on performance management capability, which set out Network Rail's plans to deliver sustainable long-term improvements in punctuality for the benefit of all passengers and freight end users.</p> <p>The ORR's principal current concern was performance in North West & Central.</p> <p>Overall Network Rail was on track to deliver the actions defined in the February 2019 report. The establishment of the Network Performance Board (NPB) was driving the collaboration that was necessary to deliver performance improvements. The NPB owned the development of a Network Reliability Action Plan to consolidate industry performance improvement activity.</p> <p>The Board welcomed these developments.</p> <p><i>Dan Boyde left the meeting.</i></p>	
20/30	<p><u>Risk Appetite Statement</u></p> <p>Paper 16/20 sought the Board's approval of the proposed Risk Appetite Statement, which formed an important part of Network Rail's Enterprise Risk Management Framework.</p> <p>The proposed Statement had been amended to better reflect the environmental impact of the Company's actions and the impact that severe weather and climate change may have on train performance.</p> <p>Having discussed paper 16/20, the Board APPROVED the proposed Risk Appetite Statement set out therein.</p> <p><i>Anit Chandarana and Caroline Murdoch left the meeting.</i></p>	
20/31	<p><u>Crossrail AFC increase</u></p> <p><i>Stuart Calvert, Mark Langman and Francis McGarry joined the meeting.</i></p> <p>The Board considered paper 17/20 which sought financial re-authority to complete the Crossrail On Network Works programme, which had delivered significant infrastructure improvements to support the introduction of Class 345 trains on the Anglia and Western routes.</p> <p>The Board was assured that the learnings from this project, as outlined in the paper, were being embedded in the new Capital Delivery structure and its way of working. A fundamental aspect of future Capital Delivery was simplification of reviewing and reporting projects together with providing clarity on accountabilities.</p> <p>The Board challenged the team on their certainty that no further funds would be requested. The Board was assured that the funds requested had been through an internal independent peer review and an external independent review, both of which had supported the team's assessment that no further funds would be needed.</p> <p>The Board also challenged the team on the organisation changes that had been made to prevent a recurrence of a similar situation. The team confirmed that the programme sponsor now reported outside the project team and was able to provide more independent challenge to the project team. In addition, lessons learned from projects were now part of the project close out process and were circulated to other parts of the business by the Capital Delivery Centre of Excellence. Lessons learned were</p>	

	<p>being created as videos to accompany reports; as videos were more widely reviewed. In addition, in the early stages of project design, teams were now routinely asked to identify the learnings they had taken from other projects and programmes.</p> <p>The Board thanked the team for their honesty and openness, and, notwithstanding their concerns about the further increase in AFC, APPROVED the additional funds requested in paper 17/20. The request for the Regional Director to hold contingency provision for P80-P95 assessment of costs was ENDORSED by the Board.</p> <p><i>Stuart Calvert, Mark Langman and Francis McGarry left the meeting.</i></p>	
20/32	<p><u>Committee updates</u></p> <p>The Board was updated on recent discussions at the following meetings:</p> <ul style="list-style-type: none"> • Audit & Risk Committee; • Treasury Committee; • Nomination and Remuneration Committee; and • Safety Health & Environment (SHE) Committee. <p>SHE had been undertaking an effectiveness review which was helping the Committee to develop a more strategic agenda around its objectives.</p>	
20/33	<p><u>Company Secretary's report</u></p> <p>Having considered paper 22/20 the Board:</p> <ol style="list-style-type: none"> 1. APPROVED the new terms of reference for each of: <ol style="list-style-type: none"> a. the Network Rail Property Supervisory Committee, b. the Audit & Risk Committee, and c. the Nomination & Remuneration Committee. 2. RATIFIED the use of the Company's seal as set out in the paper; and 3. APPROVED the following appointments to the Network Rail Certification Body Limited Board: <ol style="list-style-type: none"> i. the appointment of Neil Hannah as independent Non-executive Chair, with effect from 9 March 2020; and ii. subject to a satisfactory meeting with Jeremy Westlake the appointment of George Bearfield as an independent Non-executive director at a date to be determined. 4. RATIFIED the appointment of Peter Austin as a director of Network Rail (High Speed) Limited Board with effect from 23 January 2020. 	
20/34	<p><u>Prosecution report</u></p> <p>The Board noted this paper which outlined health, safety and environment incidents that gave rise to the likelihood of, or actual, prosecutions.</p>	
20/35	<p><u>Delegation of Authority - approvals</u></p> <p>Holders of delegated authority were required to report "one level up" where they had exercised their authority. The Board reviewed this paper, which set out the authority exercised by the Executive Leadership Team and any significant authorities exercised by sub-delegated authority holders.</p>	
20/36	<p><u>Board agenda planning</u></p> <p>The Board reviewed the draft 31 March 2020 agenda and forward plan.</p>	

20/37	<p><u>Safety, Technical & Engineering (STE) function update</u></p> <p><i>Martin Frobisher joined the meeting.</i></p> <p>The Board had reviewed paper 23/20 prior to the meeting. This paper provided an overview of the STE function, its role and purpose, how it was changing as a result of Putting Passengers First, and its key workstreams.</p> <p>The Board discussed, in particular:</p> <ul style="list-style-type: none"> • a review of Network Rail's technical standards and their fitness for purpose Anecdotally, some standards promoted the over-engineering of solutions, making them more complex and costlier to deliver. <p>One example of progress from this review was that, because of the high voltage testing work by the University of Southampton and Network Rail, in some circumstances physical height clearances could be significantly reduced. Initial studies suggested that many bridge reconstructions could be avoided in future electrification schemes thereby reducing costs, programme duration, and disruption to railway neighbours and passengers.</p> <ul style="list-style-type: none"> • how the relationship between STE and the Regions was developing as the more clearly defined role and purpose of STE was being embedded within Network Rail. • that Andrew McNaughton and Dave Ward would re-review their recommendations from their previous reports to determine the extent to which those recommendations had been embedded and were benefitting front line workers. The outcome of those reviews would be brought back to the Board in due course. <p>The Board thanked Martin Frobisher for his very helpful and clearly written paper, and for the open and frank discussion.</p> <p><i>Martin Frobisher left the meeting.</i></p>	Anit Chandarana
20/38	<p><u>HS2 Way Forward</u></p> <p>The Board briefly reviewed the HS2 Way Forward paper, noting that the situation was continuing to evolve.</p>	
20/39	<p><u>Any other business</u></p> <ol style="list-style-type: none"> 1. <u>Quality of meeting papers</u> The Board commented that the quality of meeting papers continued to improve, and that the recently modified template made them easier to understand. 2. <u>Roles above the HMT threshold</u> The Board briefly commented on the roles in this cohort and noted that this would be discussed further at the strategy meeting in May 2020. 	
<p>Date of next meeting: 31 March 2020</p>		
<p>..... Chair</p>		