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| <b>Official-sensitive</b>                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                 |
| <p style="text-align: center;"><b>Minutes of a meeting of the Board</b><br/> <b>held on Thursday 17 February 2022</b><br/> <b>at Waterloo General Office, London SE1 8SW</b></p> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                 |
| <b>Present</b>                                                                                                                                                                   | Sir Peter Hendy (Chair)<br>Ismail Amla<br>Mark Bayley<br>Rob Brighouse<br>Stephen Duckworth<br>Andrew Haines (via Teams)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Michael Harrison<br>David Noyes<br>Mike Putnam<br>Fiona Ross<br>Jeremy Westlake |
| <b>In attendance</b>                                                                                                                                                             | Louise Kavanagh, Chief of Staff<br>Stuart Kelly, Group General Counsel & Company Secretary<br>Helen Martin, Senior Assistant Company Secretary<br>Caroline Murdoch, Director, Corporate Communications<br>Amanda Webster, Business Manager to the Chief Executive (via Teams)<br>Michael Clark (min 22/27)<br>Hannah Deveson (min 22/28)<br>Jonathan Hulme (min 22/28)<br>Paul McMahon (min 22/28)<br>Martin Frobisher (min 22/29) (via Teams)<br>Mike Gallop (min 22/29) (via Teams)<br>Russell Shanley (min 22/29) (via Teams)<br>Pauline Holroyd (mins 22/30 and 22/31)<br>Navleen Kalra (mins 22/30 and 22/31) (via Teams)<br>Tim Shoveller (min 22/30) (via Teams)<br>Mark Hodgson (min 22/31)<br>Susan Cooklin (min 22/32) (via Teams)                                 |                                                                                 |
| <b>Apologies</b>                                                                                                                                                                 | Silla Maizey                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                 |
| <b>No.</b>                                                                                                                                                                       | <b>Item</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <b>Actions</b>                                                                  |
| 22/22                                                                                                                                                                            | <p><b><u>Chair's opening remarks</u></b></p> <p>The Board:</p> <ol style="list-style-type: none"> <li>reflected on the meeting the previous day with colleagues from the Department for Transport and also members of the Great British Railways Transition Team Advisory Panel. Topics discussed included railway safety, rail projects (including scope), passengers, and rail reform.</li> <li>discussed the industrial relations landscape across the rail industry, noting how delivering the Williams Shapps Plan for Rail was fundamental to delivering rail industry workforce modernisation in the longer term.</li> <li>noted that the Chair was reviewing transport plans for the Commonwealth Games to be held in Birmingham in July and August 2022.</li> </ol> |                                                                                 |
| 22/23                                                                                                                                                                            | <p><b><u>Minutes of previous meeting</u></b></p> <p>Subject to one minor amendment the minutes of the Board meeting held on 20 January 2022 were approved.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                 |

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| 22/24 | <p><b><u>Action list</u></b></p> <p>The Board discussed the action list, noting the action responses and those actions proposed for closure.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |  |
| 22/25 | <p><b><u>Directors' interests</u></b></p> <p>The Chair reported that he had been appointed as Chair of the National Railway Museum's Advisory Board. He was no longer Network Rail's representative on the Board of Transport for the North.</p> <p>Fiona Ross was Chairperson of the National Paediatric Hospital Development Board.</p> <p>Mike Putnam declared that he would become Vice Chair of Arcadis NV in May 2022.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |  |
| 22/26 | <p><b><u>Board report</u></b></p> <p>The comprehensive Board report was reviewed, and the Board focussed its discussion on:</p> <p><b>1. Carmont</b></p> <p>It was expected that the Rail Accident Investigation Branch's (RAIB) full report into the fatal derailment at Carmont in August 2020, would be published during March 2022.</p> <p>There was an update on the Weather Risk Task Force's work later in the meeting, and it was noted that many of RAIB's likely findings had been picked up by that Task Force.</p> <p>However, RAIB was expected to report issues related to drainage constructed by a design and build contractor in 2011 and 2012, namely: (a) works which had not been completed in accordance with the agreed design; and (b) the incomplete adoption of the constructed asset by Network Rail. The Board discussed changes in construction work practices over time that now relied on self-supervision and assurances of works done. As a client Network Rail would re-review how it assured delivery by its contractors.</p> <p><b>2. Eastleigh</b></p> <p>Network Rail had now completed its investigation into the death of a colleague at Eastleigh Long Welded Rail Depot in Hampshire in November 2020. The final report would be provided to the Board when it was available. The report was expected to disclose several factors which ultimately resulted in the accident, including poor management and an unacceptable workplace culture that had not been addressed. The Board noted these sobering findings.</p> <p>The Board discussed the appropriateness of Network Rail operating such a production factory facility rather than outsourcing the work to the private sector. It was noted that this was already being reviewed, alongside other non-core production activities.</p> <p>The Board also recognised that a fundamental issue at Eastleigh and Carmont was the level of oversight, the quality of assurance of work done and decision making. This related to wider cultural issues including safety and people not challenging unsafe practices, poor decisions and bad workmanship.</p> <p>More generally, a review of all previous RAIB recommendations over the last six years had been instigated. The Company was confident that all recommendations had been closed out. However, the review would explore the extent to which the spirit of the recommendations had been embedded within the business.</p> |  |

**3. Operational competence assurance**

A preliminary review of operational capability and assurance amongst the signalling and signaller group of employees had revealed deficiencies in how operational competence had been documented and assessed at a range of locations.

A deeper review had started and was still in the discovery phase. By mid-to-late March 2022 the position would be clearer. The findings of the review would be reported to the Safety, Health & Environmental Compliance Committee and to the Board, alongside a recovery plan.

**4. Storms and passenger services**

Following an amber weather warning due to Storm Dudley, ScotRail had decided to suspend rail services from 16:00 on 16 February in the interests of passenger and staff safety.

Storm Eunice was due to hit Great Britain on Friday 18 February. This had attracted a red weather warning in several parts of Great Britain.

**5. Regional business review meetings**

The proposal for non-executive directors to attend regional business review meetings was agreed.

**6. Diversity & inclusion**

The Board welcomed a deeper insight available through the interactive dashboard on diversity and inclusion. It was hoped the data could help forecast how the diversity of Network Rail may look over the next 2-3 years.

However, the Board also commented that while a lot of work was being done on diversity, there was less visibility of the approach on inclusion. It was essential for all groups to feel included and that none were marginalised by initiatives.

Network Rail's Director of Diversity & Inclusion, Loraine Martins, was leaving the business later in February 2022. Her successor would be tasked with leading and delivering a fundamental refresh of the Company's D&I strategy.

Pauline  
Holroyd

**7. Employee engagement**

A detailed session on the results of the 'Your Voice' 2021 employee engagement survey had been attended by several of the Board members since the January Board meeting. The Non-executive Directors who had attended had been disappointed that some employee scores regarding both safety and sustainability at Network Rail was below the UK Average scores. There was also concern that managers were reported as less engaged than non-managers, and that employees' perceptions of senior leaders were well below the UK Top Quartile.

Action plans were being developed to address the findings of the survey. It was noted that the results should be viewed against the wider context of the Covid pandemic, public sector pay freeze, rail reform and workforce modernisation. The action plans would focus on just two or three things, to be done at a local level. Good engagement and communications would be key to the success of this. Managers who had consistently attracted very low scores would be identified to understand what might be driving this, together with those who had achieved consistently good ratings.

The Board queried how the apparent gap between the Great British Railways Transition Team (GBRTT) culture and the results of the Your Voice survey would be bridged. Network Rail's Customer Service team was working with GBRTT on this. The Board would be updated in due course.

Caroline  
Murdoch

**Chief Financial Officer's Board report**

The Chief Financial Officer discussed with the Board:

**8. Financial**

The outlook for the 2021/22 year was a financial underperformance.

**9. Efficiencies**

The business was on track to deliver the £830m targeted efficiencies for 2021/22 and the £4bn of efficiencies for the whole of CP6.

Inflation remained a concern and had created a challenge for the CP6 funding settlement.

Trades Unions had submitted pay claims, which were being reviewed. The Government was clear that any pay review must be 'self-funded' by productivity improvements.

Headcount continued to fall.

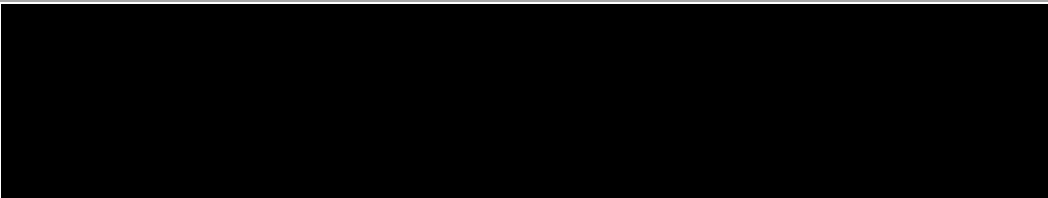
**10. Rail Investment Centre of Excellence (RICE)**

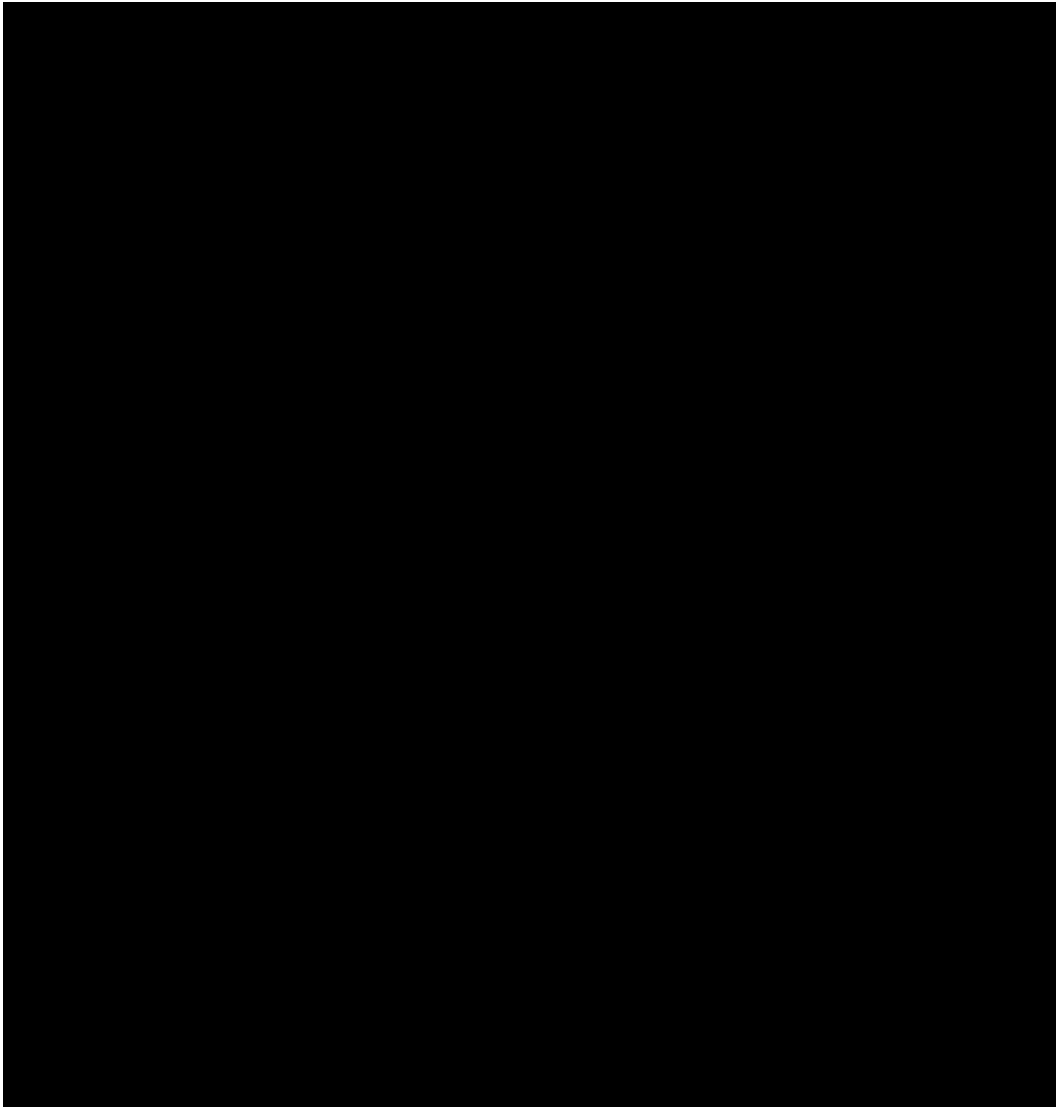
Christian Irwin had been appointed to lead the RICE. The Board acknowledged the tremendous work done by Stuart Calvert in this area.

22/27



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| 22/28 | <p><b><u>Initial CP7 submission to funders</u></b></p> <p><i>Hannah Deveson, Jonathan Hulme and Paul McMahon joined the meeting.</i></p> <p>The Board discussed paper 18/22 which set out the key content and messaging in Network Rail's initial CP7 submissions, which were a key part of the 2023 periodic review (PR23). The submissions would be made to the Department for Transport (DfT) and Transport Scotland (TS) on 31 March 2022.</p> <p>The Board was reminded that the initial submission was a high level plan, setting out information and choices to funders so that those funders could produce their High Level Output Statements (HLOS) and Statements of Funds Available (SoFA). It was hoped that the HLOS and SoFAs would be available to Network Rail before Summer recess in July 2022.</p> <p>The Board noted that each of the DfT and TS had requested different assumptions behind the initial submission. The Board acknowledged the importance of the two documents being able to be reconciled with each other.</p> <p>The Board also noted that the PR23 initial submission was intended to move us towards a whole system, market informed, total industry approach, which was different than for previous control periods.</p> <p>Amongst other things the Board:</p> <ol style="list-style-type: none"> <li>noted that the efficiency target included in the initial submission for CP7 was stated before headwinds;</li> <li>discussed that on the face of it, if fewer trains were running some people would expect there to be related cash savings. However, the reality was different and the reasons for that needed to be clearly explained in the initial submission.</li> <li>that 'performance dividend' did not equate to cash but benefitted passengers in terms of improved reliability and punctuality of train services.</li> <li>people might challenge that fewer trains ought to deliver benefits in terms of less tonnage on the tracks causing less wear and tear on assets. However, while asset life might be extended, that benefit would most likely be delivered in control periods beyond CP7;</li> <li>discussed how inflation would be addressed in the initial submission. A key issue was the growing difference between the Retail Prices Index (RPI) and Consumer Prices Index (CPI). It would be important to clearly show what was within Network Rail's control and what was not. Network Rail needed to show how it had arrived at the numbers given and why they were the correct numbers/assumptions to use; and</li> <li>debated the merits of offering options versus making firm recommendations. On the one hand, it was recognised that Network Rail was operating the network on behalf of the DfT and TS. On the other hand, it was incumbent on Network Rail to state what funds it considered were needed to run the railway safely and effectively. Network Rail would state its position based on certain, specified criteria. As a demonstration of our ability to be responsive to fiscal pressure the plan would indicate opportunities for different spending profiles if some of those funders' criteria were to change.</li> </ol> |  |

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|       | <p>The Board:</p> <ol style="list-style-type: none"> <li>1. <b>AGREED</b> the broad content, overall direction and messaging of the initial CP7 submission development; and</li> <li>2. <b>AGREED</b> that the PR23 Board sub-committee would make a recommendation to the full Board on 23 March 2022 as to whether or not final sign-off could be delegated to the Chief Executive and Chief Financial Officer.</li> </ol> <p>The Board thanked the team for a very good paper and discussion.</p> <p><i>Hannah Deveson, Jonathan Hulme and Paul McMahon left the meeting.</i></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |  |
| 22/29 | <p><b><u>Weather Risk Task Force – update</u></b></p> <p><i>Martin Frobisher, Mike Gallop and Russell Shanley joined the meeting.</i></p> <p>Paper 17/22 provided an update on the progress of the weather risk task force integrated plan and the outlook for addressing the recommendations from Dame Julia Slingo and Lord Robert Mair. An update to the integrated plan would be published on the Network Rail website in early summer 2022.</p> <p>The Board discussed:</p> <ol style="list-style-type: none"> <li>a. that each Region was surveying its drainage assets and recording their condition in Ellipse, the Company's system for managing and recording asset maintenance activities. This exercise would be complete by the end of CP6. Thus far, across the network approximately 35% additional assets had been added to Ellipse.</li> <li>b. that earthworks and drainage were being treated as a single system forming the foundation of the tracks.</li> <li>c. that some predictions claimed that what was considered a 1 in 100 year weather event in 2022, would become an annual event by 2050. The Board queried if Network Rail was sufficiently future-proofing the network. It was recognised that more work needed to be done on this.</li> <li>d. the digital platform being developed in association with the Met Office. Key was how the mass of data collected was changed into useable information and insight. For example, there was often a focus on wind speed, but for the railway the direction of the wind was just as important.</li> <li>e. when the Intelligent Infrastructure programme would be adopted by the Regions. It was noted that currently the programme was wrestling with the complexities of turning data into intelligent information, allowing people to make intelligent choices.</li> </ol> <p>The Board thanked the team for a good paper, and the particularly helpful infographic.</p> <p><i>Martin Frobisher, Mike Gallop and Russell Shanley left the meeting.</i></p> |  |
| 22/30 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |  |

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| 22/31 | <p><b><u>Talent and succession planning</u></b></p> <p><i>Mark Hodgson joined the meeting.</i></p> <p>The Board discussed paper 21/22, an update on talent and succession planning.</p> <p>The Board was advised that there was a talent framework and succession plan in place for all business critical roles. There were some known gaps in succession for other roles, and this was being monitored in terms of staff retention.</p> <p>The talent strategy was about helping everyone achieve their full potential and a targeted approach was helping to identify and develop talent at emerging, mid and senior levels.</p> <p>The Board asked about the talent and development programme in the regions. The Executive Leadership Team met quarterly to review talent and maintain a strategic overview. Regions and Functions had their own forums for reviewing talent and help to drive cross-function and region moves.</p> <p>Talent conversations had taken place across the organisation, with people being asked their aspirations and ambition. The conversations were linked to their mindset and ability, not their current role.</p> |  |

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|       | <p>The Board asked what work was done with industry partners to help develop colleagues. Network Rail was involved in the Connected Leaders Programme which brought senior leaders from all parts of the industry together. However, it was recognised that more could be done here, particularly with the transition to Great British Railways. The Board encouraged the team to think more broadly about the opportunities. This approach could be beneficial at all levels of management not just senior leaders. In addition, the team should look outside the rail industry to identify businesses where skills, knowledge and ways of working could usefully be shared.</p> <p><i>Mark Hodgson, Pauline Holroyd and Navleen Kalra left the meeting.</i></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |  |
| 22/32 | <p><b><u>Function presentation – Route Services</u></b></p> <p><i>Susan Cooklin joined the meeting.</i></p> <p>Paper 22/22 outlined the evolution of Route Services since its inception in January 2016. The team was created to supply the devolved routes with services they decided were best provided by a national team due to efficiency, consistency and economies of scale. The vision was to be customer focussed and commercially minded.</p> <p>Amongst other things, the Board discussed:</p> <ol style="list-style-type: none"> <li>the Safe Service Programme, was introduced following the tragedy at Eastleigh and was designed to engineer out safety risk wherever possible. The Board noted that this culture change was being delivered at different levels within Route Services simultaneously. Susan and her team had also found it helpful to have coaching to understand their leadership styles and their approach to safety. The use of Safe Service Champions had helped to drive the cultural change required;</li> <li>work done to improve cyber security. The Company was in a better place now than previously, but this was a topic to be kept under constant review as technology changed;</li> <li>the need for the business to adopt and leverage technology more widely. It was hard to push this from IT. The wider business needed to want to go digital, and it had been seen that the closer those delivering the tech to the end user were, the more successful that deployment was;</li> <li>the thought being given to providing niche services to the business and whether or not there were benefits to them being outsourced. As part of this review, consideration was also being given to identify the correct operating model for Route Services;</li> <li>the business and technical services function that provided shared support services to the business, in areas such as human resources, asset information services, and financial systems and processes. This was a high performing set of shared services, offering good value for money when benchmarked against other solutions; and</li> <li>diversity and how to gain traction on addressing this. One way to tackle a lack of diversity was to challenge every recruitment shortlist and reject it until it had a diverse range of candidates, addressing not just gender, ethnicity and disability but also diversity of socio-economic background, education, etc.</li> </ol> <p>Another crucial element of improving diversity was for people to have role models to show that they could achieve what others had achieved.</p> <p>The Board commended Susan on the format and content of her report.</p> |  |

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|       | <p>Recognising that Susan would shortly be leaving Network Rail, the Board thanked her for all she had done during her time with the business, saying she had been a joy to work with. The Board wished Susan well as she developed a non-executive career.</p> <p><i>Susan Cooklin left the meeting.</i></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                  |
| 22/33 | <p><b><u>Function presentation – Corporate Communications</u></b></p> <p>The Board discussed paper 19/22 which explained how the Company's communications strategy was being refreshed post-pandemic.</p> <p>The Board noted that between May and July 2021 the team had adopted a leaner operating model focused on up-skilling the business so it could self-serve, with the central team becoming strategic advisors. Increasingly the business was aware of what support could be provided by the Communications team and were making good use of it.</p> <p>The Board discussed the role of the Communications team and the importance of its work with the Department for Transport and other parts of Government. Understanding Government's priorities had helped build those relationships.</p> <p>The Board noted the five priorities for the Communications team:</p> <ul style="list-style-type: none"> <li>• rail recovery</li> <li>• modernising and delivering efficiencies</li> <li>• making the case for rail</li> <li>• bringing the railway together</li> <li>• making our railway even safer</li> </ul> <p>Noting that safety was a key priority, the Board asked that system safety not be neglected due to the focus on workforce, passenger and public safety.</p> <p>The Board discussed the use of net promoter scores as a way of measuring people's satisfaction with the Network Rail. It would also be important to build this metric into passenger service contracts. If the Company was able to move to net promoter scores it would be important to also measure or at least understand people's expectations of the railway.</p> <p>The Board also discussed the discrepancy between people's perceptions of safety and the reality, and how that could be addressed. This would be explored further with Martin Frobisher, Group Safety, Technical and Engineering Director.</p> <p>The Board noted that while there was room for further improvement, Network Rail had reduced the time taken to respond to customers and those living close to the railway by more than half.</p> | Caroline Murdoch |
| 22/34 | <p><b><u>Committee updates</u></b></p> <p>The Board was updated on recent meetings of the:</p> <ul style="list-style-type: none"> <li>• Property Supervisory Committee;</li> <li>• Safety, Health and Environmental Compliance Committee; and</li> <li>• Great British Railways Transition Team Advisory Panel.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                  |
| 22/35 | <p><b><u>Company Secretary's report</u></b></p> <p>Having considered paper 24/22 the Board:</p> <ol style="list-style-type: none"> <li>1. <b>RATIFIED</b> the appointment of Louise Kavanagh as an Employer Nominated Trustee Director of Network Rail Pension Trustee Limited;</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                  |

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|                                     | <p>2. <b>NOTED</b> the resignation of Kathryn Andrews as an Employer Nominated Trustee Director of Network Rail Pension Trustee Limited; and</p> <p>3. <b>RATIFIED</b> the use of the Company seal.</p>                                          |  |
| 22/36                               | <p><b><u>Prosecution report</u></b></p> <p>The Board noted the Prosecution Report (paper 25/22), in particular that the sentencing hearing in relation to the Road Rail Vehicle collision at Calveley had been adjourned until mid-May 2022.</p> |  |
| 22/37                               | <p><b><u>Delegated Authority report</u></b></p> <p>The Board noted the Delegated Authority Report (paper 26/22).</p>                                                                                                                             |  |
| 22/38                               | <p><b><u>Board agenda planning</u></b></p> <p>The Board reviewed the draft agenda for the March 2022 Board meeting.</p>                                                                                                                          |  |
| 22/39                               | <p><b><u>Any other business</u></b></p> <p>None.</p>                                                                                                                                                                                             |  |
| Date of next meeting: 24 March 2022 |                                                                                                                                                                                                                                                  |  |
| <p>..... Chair</p>                  |                                                                                                                                                                                                                                                  |  |