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Minutes of a meeting of the Board
held on Thursday 16 February 2023
at The Quadrant, Elder Gate, Milton Keynes MK9 1EN

Present	Peter, Lord Hendy of Richmond Hill (Chair) Ismail Amla Mark Bayley Rob Brighouse Stephen Duckworth Andrew Haines	Michael Harrison Silla Maizey David Noyes Mike Putnam Fiona Ross (minutes 23/17 - 23/30) Jeremy Westlake
In attendance	Susan Beadles, Group General Counsel & Company Secretary Louise Kavanagh, Chief of Staff David Leam, Group Director, Communications Helen Martin, Deputy Company Secretary Deborah Edmonds (minute 23/23) Martin Frobisher (minutes 23/23 and 23/31) (via Teams) Pauline Holroyd (minute 23/24) Tim Shoveller (minute 23/24) Rob Morton (minute 23/25) Neil Holm (minute 23/26) (via Teams) Hannah Lomas (minute 23/26) (via Teams) Russ MacMillan, DfT (minute 23/26) (via Teams) John Reed (minute 23/26) (via Teams) Graham Botham (minutes 23/26 and 23/27) Lawrence Bowman (minutes 23/26 and 23/27) Clive Berrington (minutes 23/28 and 23/29) Nikki Hunter (minute 23/29) Toufic Machnouk (minute 23/28) Hannah Deveson (minute 23/29) Jonathan Hulme (minute 23/29) Paul McMahon (minute 23/29) Gordon Wales (minute 23/29) (via Teams) Robin Dobson (minute 23/30) (via Teams) Harriet Hepburn (minute 23/30) (via Teams)	
Apologies		

No.	**Item**	**Actions**
23/17	**<u>Chair's opening remarks</u>** The Board: • reflected on its conversations the previous evening on a variety of topics, including rail reform; • noted that there would be an opportunity over lunch to view some of the Company's new fleet of electric vans. After the fleet was fully rolled out, it would be one of the largest fleets of electric vehicles in the country; and • received feedback from a round-table event held for non-executive directors of arm's length bodies.	

23/18	**<u>Minutes of previous meeting</u>** The minutes of the Board meeting held on 19 January 2023 were approved.	
23/19	**<u>Action list</u>** The Board reviewed the action list, noting that two items from that list were on the agenda for discussion later in the meeting.	
23/20	**<u>Directors' interests</u>** David Noyes said that he had been appointed as chairman of Leeds Bradford Airport with effect from 1 April 2023. On the same date, he would step down as a director of Luton Airport.	
23/21	**<u>Board report</u>** The comprehensive Board report was reviewed, and the Board focussed its discussion on: 1. **Safety** In recent weeks there had been an increase in the number of near misses reported. There were a variety of reasons for these incidents. This increase was being monitored but it reinforced the need to continue identifying and implementing mitigations, including technological solutions, through the trackworker safety task force. 2. **Hook landslip** On 14 January 2023 a major landslip happened near Hook in Hampshire. As reported to the Board in January, mitigations had been put in place to allow two of the four lines to open, and embankment repairs to begin. More than 8,000 tons of stone would be needed to reinstate the track bed and embankment. Once the track was repaired, the changes to signalling made to allow trains to continue running would need to be reversed to get back to the pre-landslip configuration. The Board noted that the landslip in January happened only a short distance from the stretch of track affected by a landslip some 10 years ago. As part of the works being done on the latest landslip, soil nailing was also being done to the section between the two landslips. This landslip caused significant engineering and logistical challenges and the Board expressed its appreciation for the skill and commitment of the Network Rail team for introducing a passenger-focused interim solution, and to contractor colleagues. 3. **Rail reform – Great British Railways** The Transport Secretary had delivered the George Bradshaw Address on 7 February 2023. In his speech, Mark Harper said "*as a whole government, we are pressing 'go' on rail reform*". The day-to-day work would be led by Huw Merriman, Rail Minister. 4. **Train performance** There was a general acknowledgement that train performance was not as good as passengers needed or deserved. It was further agreed that Network Rail was only able to control a subset of the factors that contributed to train performance though it had, of course, a wide spectrum of influence over a number of other critical components. Network Rail was not able to mitigate the effects of other key influences on performance, which were within the control of train operating companies (TOCs), such as the availability of train crew.	

How this was more clearly articulated and what changes might be possible in advance of rail reform would be a key issue for the discussions with the ORR in preparation for the next control period.

The Executive Directors believed that the only way to improve train performance was to improve asset reliability at the same time as addressing timetabling matters and train crew availability. The most obvious example of this being the very high levels of performance achieved on Abellio Greater Anglia which benefitted from a robust timetable and a stable train crew resourcing plan as well as strong route leadership and good engineering and operations practices.

The Board noted that the fundamental lesson learned on train performance was the requirement for whole systems decision making. Having greater integration of the control over the currently disparate elements impacting train performance was a very important benefit of rail reform.

5. **FLOW bridge in Shropshire**
A new FLOW bridge had been installed near Craven Arms in the Shropshire Hills, at the site of an extremely high-risk foot crossing. The innovative design of the bridge aimed to provide more sustainable and affordable options to help in closing dangerous foot crossings. The majority of construction was done off site, meaning that installation could take place without disrupting passenger services.

FLOW was the acronym for “fibre-reinforced polymer, lower cost, optimised design, working bridge”.

The Executive Directors acknowledged that this initial prototype of the bridge was not wheelchair friendly. However, they pointed out that the bridge was designed for use in places that were not readily accessible to wheelchair users, which was the case here, where access was through a kissing gate and across farmed fields.

The FLOW bridge was envisaged to be a modular system which could offer lower cost, fully accessible bridges, be they ramped or with lifts. A ramp version concept had been developed, and the team was preparing a business plan to turn it into a standard design option.

6. **Kennedy report – TSSA trades union**
Baroness Helena Kennedy KC had conducted an independent inquiry into sexual harassment, discrimination and bullying within the TSSA. Her Report was published on 8 February 2023 but had received limited coverage in the media.

Baroness Kennedy found that “*there has been sexual harassment, discrimination and bullying within the TSSA and that the leadership and culture has enabled these behaviours through wilful blindness, power hoarding and poor practices*”.

Baroness Kennedy made a series of recommendations, including that “*none of the internal leadership* [as defined in section 30 of the report] *should remain in the organisation*” and that “*a thorough and independent financial review is undertaken to ensure high quality processes, decision making and reporting in respect of the TSSA’s finances*”.

The Report’s Executive Summary would be circulated to the Board.

7. **Stonewall’s top 100 employers list**
Network Rail was listed in Stonewall’s Top 100 Employers list for 2023. The list recognised organisations that had “*done great work over the past year for all LGBTQ+ people*”.

	Chief Financial Officer Commentary 8. **Financial performance** The currently estimated 2022/23 financial underperformance was over £1bn. This was due to factors including Network Rail having to pay compensation to TOCs due to industrial action and the impact of extreme weather during summer 2022. 9. **Efficiencies** The Company continued its progress on delivering efficiencies and was on target to deliver £4.0bn of gross efficiencies in CP6. In particular the benefits of SPEED (swift, pragmatic and efficient, enhancement delivery) were being seen. 10. **Spring Statement 2023** The Spring Statement would be delivered to Parliament on 15 March 2023. 11. [redacted] 12. **Scotland's Railway – statement of funds available (SoFA)** Earlier in February 2023 Transport Scotland had published the CP7 SoFA. This amounted to "*Estimated Grant and Fixed Track Access Charges Funding to contribute to Network Rail net expenditure: £4.2bn*". The Board noted the paper to be considered later on the agenda, seeking approval of the overall Strategic Business Plan submission.	
23/22	**Rolling forecast (RF) 9 outcome** The Board considered paper 08/23 which explained that the RF process provided an updated forecast for each year of the control period so that Network Rail could monitor progress against its plans to deliver for passengers within the agreed funding. The RF process was completed four times a year (RF3, RF6, RF9 and RF11), to align with TOC's quarterly forecasting and to facilitate consolidation of the rail industry financials. This paper reflected the RF9 forecast. The RF9 forecast conformed to the overall government funding available, but it had required additional budget to enable Network Rail to absorb the cost of industrial action from November 2022 onwards. It was noticed that more efficiencies appeared to come from renewals than from operations and maintenance. The Board **APPROVED** the RF9 forecast. For RF11, the forecast would be extended out for a couple of years to cover the transition between CP6 and CP7. This would show how works had been smoothed across control periods to help the supply chain.	

23/23	**<u>Occupational health and wellbeing at Network Rail</u>** *Deborah Edmonds and Martin Frobisher joined the meeting.* Deborah had joined Network Rail recently as Director of Occupational Health and Wellbeing. She discussed with the Board: • the concept of work as a health outcome; i.e., the correlation between being in employment and better health with a longer life expectancy; • how to address the aging population and, as the State Pension age was increased, what the Company would need to do to facilitate people working later in life; and • that work was good for us. Studies showed that, typically, 50% of those signed-off sick for six months or more returned to work, whereas those on sick leave for a year or more were less likely to return to work. The Board discussed hybrid working and how it affected people's health and wellbeing. It was acknowledged that for some, working from home was beneficial in helping to alleviate stress and anxiety, whilst for others it exacerbated feelings of isolation and loneliness. Deborah also discussed how sometimes the medical profession 'over medicalised' presentations of emotional difficulty that people experienced as a part of everyday life. This could lead to medication being prescribed rather than the root cause of the issues being addressed. Similarly, Deborah believed that those people who were particularly badly affected by Covid typically had underlying poor metabolic health; so called 'long-Covid' was simply post-viral fatigue. One of the Occupational Health and Wellbeing team's tasks was to consider whether Network Rail had the right strategies in place to help its people stay healthy and working, and to rehabilitate people on medium- and long-term sick leave back to full capacity. The Occupational Health and Wellbeing team would do this by taking a risk based approach to developing a strategy relevant to Network Rail. The team would back this up by helping to educate people on how to maintain or improve their health and by developing a programme of work to address recurring themes that were identified. Those initiatives that would provide the greatest benefit, would be prioritised. The Safety, Health and Environmental Compliance Committee would monitor the progress of this work. An update would be provided to the Board in due course. The Board thanked Deborah for an interesting discussion. *Deborah Edmonds and Martin Frobisher left the meeting.*	
23/24	[redacted]	

	[redacted]	

	[redacted]	
23/25	**<u>Route Services - update</u>** *Rob Morton joined the meeting.* Rob Morton discussed paper 09/23 with the Board. This was the annual update on the Route Services function, and Rob's first report as Managing Director. The Board discussed, amongst other things: 1. How the Route Services function had, as part of modernising management, reduced headcount by more than 20% (or over 1,000 people) in the past year, with the vast majority being through voluntary severance. The organisation hierarchy was now much flatter, with 4 or 5 layers between workers and Rob rather than 7 or 8 layers and the quality of the services provided had not been impacted. During this period of change Route Services continued to provide 107 services across five functions: supply chain operations, business services, information (including IT), commercial and procurement and engineering services. During 2023/24 the focus would be on settling in the new leadership team, which had seen a lot of change to create a team fit for the future. 2. Phase 1 of the Safe Service Plan (delivering prompt results and putting in place the right mechanisms for improved safety) continued to deliver results. However, Phase 2 (changing culture) would be more challenging. The key change was to empower colleagues to speak out when something appeared to be dangerous or wrong. Kevin Mauger's tragic death at Eastleigh Long Welded Rail Depot had exposed some serious cultural and leadership issues, with an unacceptable tolerance of risk. As a result, the 22 highest risk sites from a cultural perspective had been reviewed to identify compliance gaps, as had the 28 highest operational risk sites. Local improvement plans developed following those reviews were being implemented. 3. Another key focus for 2023/24 would be service delivery, which was generally strong. Of the 107 services provided to the business, all were "product 1". There was now a need to move to "product 2" next generation in readiness for the future. So rather than simply collect data and send it to the business, Route Services needed to prioritise that data and give the business information that it could work with. Options to address this were currently being trialled in Wales. There was also a need to ensure that the services offered to the business by Route Services provided value for money compared to market rates. The Board was briefed on a showcase of electric vans in the forecourt and encouraged to talk to the team about the complexities of rolling out these new vehicles across the fleet. Over the next year there would be significant focus on driver training, installation of charging points at depots, and the wider use of telematics (which had already proved helpful in recovering stolen vehicles). The Board thanked Rob for his open and honest appraisal of the Route Services function and the challenges and opportunities his team faced. *Rob Morton left the meeting.*	

23/26	**TransPennine Route Upgrade (TRU) – quarterly update** *Graham Botham, Lawrence Bowman, Neil Holm, Hannah Lomas, John Reed and Russ MacMillan joined the meeting.* Paper 10/23 provided the quarterly update on TRU with a focus on the indicative programme costs, schedules and outcomes that would inform the next major investment gateway (Programme Business Case 2 or PBC2). Amongst other things the Board discussed: • All works planned for Christmas 2022 were completed as planned. Infrastructure delivery remained on schedule for the first key output (diversionary routes) in May 2023. However, delays to driver training suggested that TransPennine Express was unlikely to be able to operate the full timetable. Customer handling plans were being developed. • The TRU Programme Board was in place, with Neil Holm appointed as TRU Managing Director. Work was continuing on appointing a TRU executive team. • On some projects the supply chain had been unable to lead and behave in the manner expected of them. The matters had now been resolved following regular supervisory group meetings. Work to prevent similar issues recurring was a key feature of the new programme operating model. • Indicative positions for key output 2 (Manchester to Stalybridge electrics) due to be delivered in December 2024. A formal approval would be sought at the March 2023 Board meeting. • The extent to which passengers understood why they were facing disruption. An extensive social media campaign was in place, and passengers were beginning to understand the overall longer-term programme. Passenger communications would be regularly monitored and refreshed. The Board: 1. [redacted] 2. [redacted] 3. **ENDORSED** the strategy of the commitment authority for the RNEP Remit Letter and associated Funding from Network Rail Agreements being exercised in accordance with the Delegation of Authority Policy. *Neil Holm, Hannah Lomas, John Reed and Russ MacMillan left the meeting.*	
23/27	**Integrated Rail Plan – Network Rail's part in delivering the Plan** The Integrated Rail Plan (IRP) for the North and Midlands was published by the Government in November 2021. It outlined the Government's plans over the next 20 years to transform rail services across the North and Midlands through a £96.4bn	

	investment. Services that would use HS2 and Northern Powerhouse Rail (NPR) were now integrated into the wider programme of network enhancements. No single programme delivered the full train service improvements, so the integration of exceptionally complex interactions and outputs was critical to the IRP's success. The delivery of the programmes involved was with both HS2 Ltd and Network Rail regions. The System Operator was leading on very early-stage development of NPR, along with the integration across the railway network and system. Paper 11/23 focused on how the programme team was setting itself up to succeed for the early stages of development work and to enable the best possible customer outcomes to be delivered from the IRP. The Board focussed its discussion on: 1. How an independent review in Summer 2022 had identified the scale of the challenge and recommended that portfolio management principles be applied. It was also recognised that trade-offs between programmes would have to be identified and managed. 2. It was proposed that a Portfolio Office for IRP (PO) would advise on linkages, similarities and differences between the various programmes within IRP. The Regional programme and project teams themselves would remain accountable for delivering the programme / project outputs. 3. The PO would have no decision making power. It would be a conduit between the programme and the Government and regional transport authorities, explaining the difficult facts of the integrated programmes. There would naturally come a point where issues became operational matters and their resolution transferred to the programme teams. 4. The PO was in many ways a precursor to what would happen under Great British Railways. It was therefore important to populate the PO with people who had whole industry experience. The Board thanked the team for the update and wished them well as they set up the PO. *Lawrence Bowman and Graham Botham left the meeting.*	
23/28	[redacted] **Train Control Systems commercial strategy** *Clive Berrington and Toufic Machnouk joined the meeting.* In May 2022 the Commercial and Procurement Strategy for Train Control System Frameworks (the TCSF Strategy) was approved by the Board. As detailed commercial and procurement documentation had been developed and analysed, the TCSF Strategy had evolved, and some significant changes had been made to it. Paper 12/23 updated the Board on the changes to the TCSF Strategy since May 2022 and sought the Board's approval of the revised TCSF Strategy. [redacted] The principal changes to the TCSF Strategy were: • [redacted] • to reflect that the arrangements could not include an opportunity to admit new suppliers and execute new framework agreements once the procurement process was completed and framework agreements awarded to suppliers;	

	• that the procurement would award suppliers, say, 60-70% of the value of the projects, with the remaining projects being awarded following mini-competitions between suppliers on the framework; and • the inclusion of an updated performance incentive regime to reflect updates to the allocation approach. The Board noted that careful management of allocations and supplier relationships was needed. [redacted] The Board **APPROVED** the revised TCSF Strategy and **AUTHORISED** the implementation the procurement process in accordance with the revised TCSF Strategy. *Toufic Machnouk left the meeting.*	
23/29	**<u>Corporate Power Purchasing Agreement</u>** *Nikki Hunter joined the meeting.* The Board discussed paper 13/23 which proposed a sourcing strategy for renewable energy via a Corporate Power Purchase Agreement (CoPPA). In particular, the Board noted that: • The proposed tender process was to award up to 1.5TWh of renewable energy supply via a CoPPA. Network Rail used circa 4.5TWh of electricity per annum. • [redacted] • This strategy was in line with NR's Environmental and Sustainability Strategy to fully decarbonise non-traction power requirements by 2030. The strategy also sought to reduce the carbon footprint of Network Rail's traction energy consumption by directly purchasing renewable energy from specific, new renewable energy projects. • That the team was liaising and collaborating with Crown Commercial Services on this project. • That a communications plan was being developed. That plan would not only keep Network Rail's people updated on what was being done, but also passengers and other stakeholders. This tied in well with "We Mean Green". The Board: 1. **APPROVED** the sourcing strategy outlined in paper 13/23 and **AUTHORISED** the implementation of the procurement process in accordance with the approved sourcing strategy, and 2. [redacted]	

	[redacted] *Clive Berrington and Nikki Hunter left the meeting.*	
23/30	**Strategic Business Plan CP7** *Hannah Deveson, Jonathan Hulme, Paul McMahon and Gordon Wales joined the meeting.* The Board considered paper 14/23 which provided an update on the development of Network Rail's Strategic Business Plan (SBP) submissions for England & Wales, and Scotland's Railway. This paper built on the paper provided to the board at its January 2023 meeting which provided context and background. In the meeting, the team circulated a document headed "Summary of key risks in the England and Wales SBP and mitigations". Amongst other things the Board discussed: • As the settlement had been finalised and made on cash terms, managing risk could be accomplished via the risk provision made centrally and in each region. Greater headroom within the settlement may be found by going further on efficiencies, which could allow a more flexible response to emerging risk. The replanning of any works as a result of the emergence of risk beyond the capability of the planned risk provision to deal with, would require an approach that sought to minimise impact on the highest value markets. • Of external factors that may require a draw down on risk provision, the one with the greatest potential impact was, at present, inflation exceeding the forecast built in to the CP7 settlement. • That more needed to be said on air quality in the environmental sustainability section of the SBP. • The CP7 SoFA for Scotland of £4.2bn was broadly in line with expectations. The SBP for Scotland had been built around what Transport Scotland had said was the '*minimum viable product*'. However, due to the pandemic it had been necessary to defer some £100m of renewals from CP6, which impacted the plans for CP7. • In Scotland PPM (public performance measure) was the main metric for measuring train performance. The SBP for Scotland would not deliver the level of performance required by Transport Scotland until late in year 3 of CP7. The Board **DELEGATED AUTHORITY**: 1. to the Chief Executive and Chief Financial Officer to sign-off the final SBP submission for England and Wales; and 2. to the MD for Scotland's Railway to sign-off the final SBP submission for Scotland's Railway. *Hannah Deveson, Jonathan Hulme, Paul McMahon, Fiona Ross and Gordon Wales left the meeting.*	

23/31	**<u>DevCo update</u>** *Robin Dobson and Harriet Hepburn joined the meeting.* The Board considered paper 15/23. Rail-led property development was currently being targeted by both Network Rail through its property development arm (NR Group Development) and London & Continental Railways (LCR). However, it was widely acknowledged that the current set-up was not an efficient use of resources and did not maximise value. It was therefore proposed to bring Network Rail's property development business and LCR together into a combined new company – DevCo. DevCo would deliver a single national development agenda aligned with Network Rail's Regions' priorities and make a strong contribution to the Nation's strategy for housing, placemaking and growth across the country. Amongst other things the Board discussed that: • A key factor in the success of DevCo, and its ability to deliver value would be to develop a single, nationwide agenda. That overarching agenda would facilitate the Regions being empowered to deliver individual projects. • Network Rail's regulated status and the resultant lack of commercial freedoms had limited its ability to work with the private sector to deliver the planned development activities. LCR's status as a public corporation meant that it was able to retain profits to invest in growth, better resourced and more attuned to working with the private sector. However, NR Group Development had a pipeline of financially strong projects on Network Rail land and LCR needed access to this land to be able to unlock railway potential. Combining NR Group Development and LCR was expected to mean that more could be achieved, faster and on a larger scale. • Two significant risks had been identified: o being unable to successfully integrate the two organisations into a cohesive whole with shared aims and objectives; and o DevCo needed sufficient independence from Network Rail to be able to focus on property development, while being able to operate as a subsidiary of Network Rail to ensure cooperation and engagement from the Regions. This would be the subject of a subsequent paper to the Board. Plans to mitigate these risks were being developed. Having discussed the proposal, the Board: 1. **APPOINTED** a committee of members of the Board (comprising Mark Bayley, Michael Harrison and Jeremy Westlake) to review the proposed transaction on behalf of the Board; 2. **DELEGATED AUTHORITY** to that committee: i. to approve the Outline Business Case (OBC), so that it could be submitted to Ministers for approval; ii. subject to ministerial approval of the OBC and once all necessary work had been completed to enable DevCo to be set up successfully, approve the acquisition of LCR by Network Rail. 3. **NOTED** that approval of the appointment of the Chair and the governance and control structure of DevCo would be sought separately. *Robin Dobson and Harriet Hepburn left the meeting.*	

23/32	[redacted]	
23/33	**<u>Committee updates</u>** The Board was updated on recent meetings of the: • Nomination & Remuneration Committee, and • Safety, Health and Environmental Compliance Committee.	

23/34	**<u>Company Secretary's report</u>** Having reviewed paper 18/23 the Board: 1. **AUTHORISED** the Group General Counsel and the Deputy Company Secretary to issue and execute new Powers of Attorney on behalf of the Company in relation to the execution of deeds and the Scottish equivalent; 2. **NOTED** the new Power of Attorney permitting the execution of deeds; 3. **NOTED** John Halsall's and Digby Nicklin's resignation as directors of subsidiary companies and Digby's removal as Network Rail Infrastructure Limited's (NRIL) authorised representative on certain limited liability partnership (LLP) joint ventures; 4. **APPROVED** the appointments of Ellie Burrows, Terri Cave and Steve Peggs as directors of subsidiary companies and for Terri, her appointment as NRIL's authorised representative on certain LLP joint ventures; 5. **NOTED** the reappointment of Neil Hannah and George Bearfield as non-executive directors of Network Rail Certification Body Limited for a second three-year term with effect from 9 March 2023 and 15 June 2023 respectively; 6. **RATIFIED** the use of the Company seal; and 7. **NOTED** the requirement to disclose, on a comply or explain basis, the Company's achievement of prescribed Board diversity targets in its Annual Report & Accounts 2023.	
23/35	**<u>Prosecution report</u>** The Board noted the Prosecution Report (paper 19/23).	
23/36	**<u>Board agenda planning</u>** The Board reviewed the draft agenda for the March 2023 meeting. [redacted]	
23/37	**<u>Any other business</u>** 1. <u>Ukraine</u> Martin Frobisher briefed the Board on his recent visit to Ukraine. The Board expressed its appreciation to Martin both for the commitment he had shown and continued to show to help the Ukrainian Railways, and for his personal bravery in making the visit.	
Date of next meeting: 23 March 2023.		
…………………………………….. Chair		