# NETWORK RAIL LIMITED

**Official-sensitive**

**Minutes of a meeting of the Board**

**held on Thursday 19 October 2023**

**at James Forbes House, 27 Great Suffolk Street, London, SE1 0N**

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| **Present** | Rob Brighouse (Chair)<br>Ismail Amla (via Teams)<br>Mark Bayley<br>Stephen Duckworth<br>Andrew Haines<br>Michael Harrison | Silla Maizey<br>David Noyes<br>Mike Putnam<br>Fiona Ross<br>Jeremy Westlake |
| **In attendance** | Susan Beadles, Group General Counsel & Company Secretary<br>Louise Kavanagh, Chief of Staff<br>Helen Martin, Deputy Company Secretary<br>Martin Frobisher (minutes 23/117 and 23/125) (via Teams)<br>Rupert Lown (minute 23/117) (via Teams)<br>Rufus Boyd (minute 23/118 (via Teams)<br>Suzanne Donnelly (minute 23/118) (via Teams)<br>Ellie Burrows (minute 23/119)<br>Rob Bolton (minute 23/120) (via Teams)<br>Graham Botham (minute 23/120)<br>Lawrence Bowman (minute 23/120)<br>Rob McIntosh (minute 23/120) (via Teams)<br>India Chaplin (minute 23/124)<br>Laurence Chatwin (minute 23/124)<br>Daniel Collins (minute 23/124)<br>Natalie Greenwell (minute 23/124) (via Teams)<br>Pauline Holroyd (minute 23/124)<br>Navleen Kalra (minute 23/124) (via Teams)<br>Aaron Scudder (minute 23/124)<br>Toni Thomas (minute 23/124) (via Teams)<br>Lindsey Worton (minute 23/124)<br>Denzel Collins (minute 23/125) (via Teams) | |
| **Apologies** | Peter, Lord Hendy of Richmond Hill | |

| No. | Item | Actions |
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| **23/112** | **<u>Chair's opening remarks</u>**<br><br>The Board:<br><br>• Reflected on discussions from the previous day, having met a diverse group of colleagues from the Southern region. They were impressed with their passion for the railway, their energy and their inspiring personal stories. Discussions had provided the Board with a real insight into how much the industry was changing, particularly with the use of new technology;<br><br>• Commended the Southern region on their excellent drop-in session the day before, on the theme "A Great Place to Work";<br><br>• Thanked Silla Maizey for her contribution to Network Rail over the past seven years, acknowledging her friendship and wise counsel; | |

- Noted that the re-appointment of each of Mike Putnam, Ismail Amla, Stephen Duckworth and David Noyes as a Non-Executive Director, had been approved for a period of three years or, if earlier, the standing up of Great British Railways.
- Noted that the Second National Infrastructure Assessment had been published by the National Infrastructure Commission on 18 October 2023, and that this Assessment was largely complete before the Government's announcement concerning HS2. The Commission's findings had addressed three core strategic challenges: decarbonising the economy and achieving net zero, supporting growth across all the UK's regions, and adapting to and remaining resilient to the changing climate.

**23/113** **<u>Minutes of previous meeting</u>**

The minutes of the Board meeting held on 21 September 2023 were approved.

**23/114** **<u>Action list</u>**

The Board reviewed the action list.

**23/115** **<u>Directors' interests</u>**

None.

**23/116** **<u>Board report</u>**

The comprehensive Board report was reviewed, and the Board focussed its discussion on:

1. **HS2 Announcements**
   The Board noted that there were two papers later on the agenda considering the impact to Network Rail following the Government's announcement.

2. **PR23 – preparations for CP7**
   [redacted]

   Network Rail was awaiting formal, written confirmation from the ORR on what had been agreed. The final determination was due to be published on 31 October.

   The Board discussed the ORR's stance on improving train performance, particularly that some aspects of the improvement required by the ORR was not within Network Rail's control.

3. **Train performance**

Train performance in Period 7 was disappointing, primarily due to severe weather in Scotland and action short of a strike by ASLEF members.

[redacted]

4. **Regulatory Escalator**
Structures examinations for four routes had been removed from the Regulatory Escalator. The ORR now considered that the actions Network Rail had taken were sustainable. The issue was two-fold:
    - Resourcing – had been addressed by the creation of an academy to ensure that more people were being trained to examine structures; and
    - Standards – these had been reviewed and where appropriate amended to ensure that they were proportionate to the risk level identified.

5. **Industrial Relations**
Network Rail would shortly be starting pay talks with the RMT trades union.

    The dispute related to modernising maintenance in Cardiff continued. A recent strike ballot on Central route had failed to deliver a mandate to the trades union.

6. **Storm Babet – October 2023**
This storm, named by the UK Met Office on 16 October 2023, was expected to bring significant disruption, particularly in Scotland where red weather warnings had been issued. It was particularly important for Network Rail to capture its decisions and methodology as a way of helping to inform future severe weather events.

**<u>Chief Financial Officer Commentary</u>**

7. **Financial performance**
The current forecast for 2023/24 was a financial underperformance. This was partly due to train performance being behind target, particularly in Wales & Western and North West & Central. The Regions were also experiencing higher capital delivery costs, notably in Wales & Western and Eastern. Renewals delivery remained ahead of target.

    The Regions were being encouraged to consider not only what work they were doing and how they were doing it, but also why they were doing it, as that would help them to prioritise work.

8. **Corporate Finance and Business Development**
[redacted]

9. **Rail Investment Advisory Board (RIAB)**
[redacted]

[redacted]

Project sponsorship was also discussed. The development of a project sponsorship strategy was complex given the importance of the role. This work was, however, progressing.

The Rail Investment Centre of Excellence was developing a suite of KPIs to measure how the Regions were performing across a number of metrics, and also showing how they compared with one another.

**23/117** **Track Worker Safety - update**

*Martin Frobisher and Rupert Lown joined the meeting.*

Paper 70/23 provided an update on the Track Worker Safety risk profile, actions delivered, and actions planned for delivery.

The Track Worker Safety programme continued to make good progress:

- since April 2019 there had been a 20% reduction in maintenance scheduled tasks;
- since P6 (August – September) 2022 lookout working had reduced by 95%;
- additional protection levels in line blocks had been increased;
- there had been fewer staff accidents under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 (RIDDOR);
- staff competence for risk control had been improved, and
- the system for making sure that work was planned in compliance to standard 019 and which provided assurance data, had been rolled out across Network Rail.

The next key goal was to remove the need for Possession Support staff to lay detonator protection for track workers. Work was also underway to increase the use of remote monitoring, thereby improving the safety of track workers. This work was supported by improving the Standards and Rule Book to make the access for staff easier, consistent and safer nationally.

The Board discussed the table showing, by delivery unit, the percentage of line blocks where additional protection was provided for track workers. This highlighted the different approach taken by each Region. In Eastern, for example, Rob McIntosh had mandated the use of additional protection. Other Regions had taken a different approach partly due to skill levels but primarily due to the density of train service.

The Board noted that:

1. While the Task Force had been disbanded, work to improve track worker safety continued; and
2. Network Rail's work on improving track worker safety had received strong support from the ORR.

The Board thanked Martin and Rupert for this update.

*Martin Frobisher and Rupert Lown left the meeting.*

**23/118** **Great British Railways Transition Team update**

[redacted]

[redacted]

**23/119** **Region update - Southern**

*Ellie Burrows joined the meeting.*

Paper 72/23 provided an update to the Board on the Southern region.

Amongst other things, the Board discussed:

1. That when Ellie became Region MD for Southern, the region was generally functioning well in many areas, such as Governance, Risk, Assurance and Improvement (GRAI) and Modernising Maintenance.

   Ellie had however, set three priority areas to focus on:

   (i) improving performance safely,

   (ii) building resilience of our people and organisation, and

   (iii) delivering year five of CP6 and getting ready for CP7.

2. The positive culture in the region, with many willing and motivated people working to get things done. For instance, the Race Equity group had driven some positive changes. The region's three culture principles ((i) show you care, (ii) keep it simple and (iii) listen learn and improve) were routinely talked about and were now built into project remits. However, there was still more to do.

The Board commended the work being done on culture, noting that whilst making Southern region a great place to work was the right thing to do, this must always be in the wider context of the region's purpose.

3. Southern's progress on Modernising Maintenance and acknowledged that it was early in the change process, whereby Southern was seeing both successes and challenges. However, Ellie believed in the plan Southern was following and the controls around that; although there would be tweaks to that plan as modernisation progressed. The focus was on embedding this system change and encouraging delivery units to work their way up the maturity ladder. Ellie noted that fully embedding modernisation could potentially take three years and expressed her commitment to support her team to deliver this.

4. How the Southern Renewals Enterprise model was developing in readiness for mobilisation. The Board noted that the supply chain chief executives met bi-monthly to monitor progress on implementing the model and would meet more frequently in the run up to going live.

5. The challenges and limitations of the industry code that governed timetabling. Network Rail could not determine nor propose timetables as train operating companies sent their timetable bids to Network Rail which checked whether (i) the timetable worked and (ii) the timetable bid was compliant with the rules. Network Rail was able to propose changes to the planning rules and was committed to undertaking a more systematic review of these rules, noting that it could not impose changes unilaterally.

   Network Rail did encourage train operators to submit their bid proposals early so that there was sufficient time for them to be assessed.

   A key part of improving Southern's train performance was to improve service recovery after an incident. Network Rail was modelling traffic management to assess how effective its interactions were, and so that improvements could be made where necessary.

The Board thanked Ellie for an interesting session the previous day, and for her update on Southern's progress.

*Ellie Burrows left the meeting.*

**23/120**

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| | [redacted]<br><br>The Board thanked the team for the update and looked forward to hearing more in due course.<br><br>*Rob Bolton, Graham Botham, Lawrence Bowman and Rob McIntosh left the meeting.* | |
| **23/121** | **<u>Committee updates</u>**<br><br>The Board was updated on recent meetings of the:<br>• Audit & Risk Committee<br>• Treasury Committee<br>• Property Supervisory Committee, and<br>• Environmental Sustainability Committee. | |
| **23/122** | **<u>Company Secretary's report</u>**<br><br>Having reviewed paper 80/23 the Board:<br><br>1. **NOTED** the update on Companies House reform;<br><br>2. **NOTED Silla Maizey's** resignation from the Boards of Great British Railways Transition Team Limited, Network Rail Infrastructure Limited and Network Rail Limited with effect from 21 November 2023;<br><br>[redacted]<br><br>4. **NOTED** that **Helen Martin** would be resigning as a Director of several subsidiary company boards on or before 30 November 2023;<br><br>5. **DELEGATED AUTHORITY** to the Group General Counsel to determine who would replace Helen Martin as a director of the subsidiary companies from which she was resigning as appropriate;<br><br>6. **NOTED** that Helen Martin would be removed from the list of Attorneys authorised to sign Deeds and the Scottish Equivalent on behalf of Network Rail Infrastructure Limited on or before 30 November 2023; and<br><br>7. **RATIFIED** the use of the Company seal. | |
| **23/123** | **<u>Prosecution report</u>**<br><br>The Board noted the updates provided in the Prosecution Report (paper 81/23). | |
| **23/124** | **<u>Function presentation – Group HR update</u>**<br><br>*India Chaplin, Laurence Chatwin, Daniel Collins, Natalie Greenwell, Pauline Holroyd, Navleen Kalra, Aaron Scudder, Toni Thomas and Lindsey Worton joined the meeting.*<br><br>The Board discussed paper 75/23 which provided an update on the activities of the Group HR function. | |

Amongst other things, the Board discussed:

1. The transition journey that the HR function was on. As part of that, four strategic objectives to underpin the people strategy had been identified for CP7:
   - Enable a great employee experience through an engaging, safe and inclusive culture;
   - Right people, right place, right time;
   - Great leadership; and
   - Better work.
2. The reform agenda for HR had four workstreams:
   - Management modernisation – now delivered;
   - Maintenance modernisation – implemented in three of five regions; the remaining two regions would implement this in November 2023;
   - Operations productivity - implemented; and
   - Attendance management - ongoing.
3. In the wake of the significant industrial action during 2022 and early 2023, Network Rail was now working on the implementation of new working practices relating to productivity. The Company was also working to build stronger relationships with its people, while also finding ways to work better with the trades unions.
4. The HR function would continue to use Systems Thinking approach to support the business in delivering its strategic commitments in CP7. So far, this approach had supported 22 of 38 delivery units to improve the design of work and had also seen an average 31% improvement in first-time completion of maintenance works, both of which result in improved train services for passengers. The remaining 16 delivery units were expected to undergo Systems Thinking interventions over the next two years.
5. Network Rail had identified three strategic priorities as it prepared for rail reform:
   - Empower and develop managers to manage;
   - Simplify what we do; and
   - Embed a commercial, whole industry mindset.

The Board thanked Pauline and her colleagues for an interesting discussion.

*India Chaplin, Laurence Chatwin, Daniel Collins, Natalie Greenwell, Pauline Holroyd, Navleen Kalra, Aaron Scudder, Toni Thomas and Lindsey Worton left the meeting.*

**23/125** **Using cost benefit analysis to help inform safety decisions in adverse weather**

*Martin Frobisher and Denzel Collins joined the meeting.*

The Board discussed paper 76/23, which sought approval for the use of a web-based tool to supplement other factors that employees considered when exercising their professional judgement to make decisions about setting speed restrictions in response to the risk of train derailment as a result of asset failures caused by severe rainfall events. This tool included a cost benefit analysis based on a professional risk model

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| | developed by the RSSB (that model was known as PRIMA (Proportionate Risk Response when Implementing Mitigating speeds to Assets)).<br><br>The tool was currently being trialled in North West & Central region, however so far no severe rainfall events had occurred in the trial location.<br><br>The Board noted that the All Level Crossing Risk Model (ALCRM) was a good example of how cost benefit analysis was currently used in practice, as a tool to support decision makers make an informed decision, in conjunction with (and not as a substitute for)their knowledge, expertise and understanding of the rail network.<br><br>The Board noted that the PRIMA tool could be developed for use to support employees when other severe weather events occur; one example being the risk of trees being brought down by strong winds.<br><br>The Board noted that (i) it had previously asked to approve the use of the web-based tool subject to a successful trial and (ii) the Safety, Health & Environmental Compliance Committee would be briefed on the outcome of the trial.<br><br>Upon reflection, the Board confirmed that while it was important that the Board understood that this new tool incorporated a cost benefit analysis, was being trialled and would potentially be implemented, decisions about which tools, equipment, processes etc would be introduced were a matter for the Technical Authority's leadership team or, where appropriate, Network Rail's Executive Leadership Team.<br><br>The Board congratulated Denzel on a great piece of work and thanked him and Martin for the update.<br><br>*Martin Frobisher and Denzel Collins left the meeting.* | |
| **23/126** | <u>**Board agenda planning**</u><br><br>The Board reviewed the draft agenda for the November 2023 meeting. | |
| **23/127** | <u>**Any other business**</u><br><br>There being no other business, the Chair reiterated his thanks to Silla Maizey and wished her well for the future. Noting that this was Helen Martin's last meeting, the Board thanked her for her support over the years. | |
| Date of next scheduled meeting: 30 November 2023. | | |
| …………………………………….. Chair | | |