Official-sensitive

Minutes of a Meeting of the Board
held on Thursday 15 February 2024
at Rooms 11.3, 11th Floor, One Stratford Place, Stratford, London, E20 1EJ

Present	Peter, Lord Hendy of Richmond Hill (Chair) Ismail Amla Mark Bayley Stephen Duckworth Andrew Haines Michael Harrison	David Noyes Mike Putnam Fiona Ross Jeremy Westlake
In attendance	Susan Beadles, Group General Counsel & Company Secretary Louise Kavanagh, Chief of Staff David Leam, Group Communications Director Holly Hopgood, Project Manager (Change) Regions, Wessex Bhavini Kundaiker, Interim Deputy Company Secretary	
	Paul Marshall (minute 24/024) Andrew Hall, Chief Inspector, RAIB (minute 24/025) Martin Frobisher (minute 24/025) Rob McIntosh (minute 24/026) Hannah Lomas (minute 24/026) Gordon Kells (minute 24/026) Lawrence Bowman (minute 24/027) Chris Rowley (minute 24/027) Chris Curtis (minute 24/027)	Claire Grundy (minute 24/028) Emma Knight (minute 24/028) Pauline Holroyd (minute 24/029) Clive Berrington (minutes 24/030, 24/031) Philip Bennett (minute 24/030) Rob Morton (minute 24/031) Julia Territt (minute 24/031)
Apologies	Rob Brighouse	

No.	Item	Actions
24/019	**Chair's opening remarks** The Board: • Welcomed Holly Hopgood, Project Manager (Change) Regions from the Wessex route and reciprocal mentor for Susan Beadles, who was observing the meeting; • Noted that Rob Brighouse's term of office had been extended to 31 July 2024. The Board reflected on: • The discussions at the Board dinner held the previous evening, attended by Dame Bernadette Kelly; • The recent Board Strategy Day held on 26 January, which discussed the CP7 safety strategy in depth, and touched on lessons for the Board arising out of the Post Office IT Horizon Inquiry. The scheduled talent and succession planning discussion was postponed and included in this meetings' agenda.	
24/020	**Minutes of previous meeting** The minutes of the Board meeting held on 18 January 2024 were approved.	BK
24/021	**Action list** The Board reviewed the action list.	
24/022	**Directors' interests** No new interest or change to any existing interest was raised.	

24/023	**Board Report** The comprehensive Board report was reviewed, and the Board focussed its discussions on: • **Train Service Performance** P11 performance continued to be influenced by stormy weather and the ASLEF dispute. Overall results for the period had improved, with a marginal improvement compared to P10 and just 0.1% worse than the scorecard target. Cancellations also improved. System Operator was leading cross sector work to identify a small suite of short-term whole system actions that would improve industry performance, reduce the impact of system failures on customers, and tackle the reputation of the industry. • **Western Recovery Programme (Project Brunel)** Key milestones that Project Brunel was striving to achieve in the first quarter of this year were discussed. The need to deploy dedicated additional resources from across the business and trusted external experts, and the alignment of NR's core disciplines, were all required to achieve those milestones. The target interventions that Project Brunel was already delivering were noted. The Board noted that updates on Project Brunel will be included in future Board reports and Rob Cairns and Marcus Jones would be invited to a future Board meeting to provide a detailed update on progress. A response had been sent in relation to the ORR's investigation, which was submitted on time on 29 January. The ORR has asked for more detail around Project Brunel and had also included11 additional detailed questions. A roundtable discussion had also taken place. • **Access for All** The National Rail Accessibility Consultation Document had not yet been submitted to the Rail Minister and would be encouraged. • **Building external stakeholder trust and confidence** Over the previous week, the communications team had been dealing with press enquiries and social media conversation about the Pride pillar installation at London Bridge station. The temporary installation celebrated the start of LGBT+ History Month in February and was designed by station colleagues as a creative, colourful artwork. Some remarks were made on social media by a member of our Archway network in response to criticism of the Pride pillar. This incident highlighted the need to complete the planned refresh of the social media usage policy, to remind colleagues of their responsibilities in this regard.	
	• **People** Pay talks for General Grades and Bands 5 to 8 had commenced. There was a need to robustly manage inflation assumptions whilst discussions with the Trades Unions continued. [redacted] • **Safety** The new Chief Inspector at the ORR (Richard Hines) would be invited to attend a Board meeting this year. It was also agreed for the Chair (Mike Brown) and CEO (Mark Philips) of the Rail Safety and Standards Board to be invited to a future Board dinner in London. **Chief Financial Officer Commentary** • **Financial Performance** The outlook for financial performance in P10 has deteriorated. Train performance in the period continued to be negatively impacted by stormy weather and the ASLEF dispute and was below	BK BK

	target. Missing train performance targets accounted for 2/3rds of the forecasted financial underperformance for the year. However, this would be cash neutral due to the agreement in place with the DfT. Freight cancellations were the main reason for scorecard deterioration this period. It was noted that reactions to cancellations had seen some customers unable to wait for a remedy and they would instead resort to using road transport due to time sensitive contents and constraints. The near final delivery plans for CP7 had been submitted to the ORR on 31 January. The ORR would assure this information and share its draft findings with the DfT and Transport Scotland over February, prior to being shared with the Secretary of State for Transport. • **Efficiencies** Contributions towards achieving the £1.1 billion efficiencies required in FY24 to achieve the £4 billion CP6 plan, were on track and expected to be met by the end of CP6.	
24/024	**<u>Overview of RF09 Planning Round</u>** *Paul Marshall joined the meeting.* The Board **NOTED** paper 10/24 which provided an overview of the key findings from the review of the rolling forecast for P9 outputs, and the outcomes of the executive reviews of CP7 delivery plans led by Jeremy Westlake. • Efficiency planning by the end of P9 was on track to deliver £4bn for CP6. For CP7, regions and functions had aligned delivery plans with available funding. Work was continuing with the regions on their capex profile, which included the phasing of projects across funding periods. • The impact of inflation and input prices had been reviewed and would be reflected in RF11. • The next focus was to set out key findings for the CP7 business plan; conclude on the settlements for the sales of the Old Oak Common land and James Forbes House; and delivering workforce reform programmes, particularly in relation to modernising maintenance. Having considered the contents of the forecast and supporting information, which had also been endorsed by the ELT, the Board **APPROVED** the RF09 forecast for the period. The Board thanked Jeremy and Paul for their update. *Paul Marshall left the meeting.*	
24/025	**<u>RAIB – Themes and Thoughts</u>** *Andrew Hall and Martin Frobisher joined the meeting.* The Board welcomed Andrew Hall, Chief Inspector of the Rail Accident Investigation Branch, to the meeting and **NOTED** that Mr Hall's slides had been included in the Board papers as paper 11/24. He highlighted that the themes of his report for 2023 would be similar to those reported in 2022; that the number of recommendations made to Network Rail had dropped considerably over the years, and that implementation of recommendations was also being dealt with more efficiently than in the past. The Board: • Briefly discussed that the summaries of learning identified by RAIB for last year concerned matters that would need to be resolved in the longer term. • Considered RAIB's comments on the timeliness of actions in response to known risks; the impact of the complexity of the industry; and the constraints created by spending priorities in managing the risk for low probability events. • Clarified that Mr Hall understood that no single person or single system had the information or data RAIB had identified in connection with the Salisbury and Carmont incidents.	

	• Confirmed that RAIB recommendations and implementation of those recommendations were regularly reviewed at SHEC. The Board explored further with the Chief Inspector: whether if, as a consequence of the Norfolk principle, RAIB was taking any additional steps to assure itself of the accuracy of its reports if they were to be the only evidence permitted in a Coronial Inquest; the timeliness of the production of RAIB reports; if in making its recommendations RAIB considered the economic impact to a business (duty holder) or the practicalities of implementing a recommendation; and if there was an opportunity to improve dialogue between NR and the RAIB. Mr Hall explained: • The requirement for his inspectors to remain independent. • Capacity had increased at RAIB to bolster and improve the timeliness in providing recommendations to duty holders. • On economic impact to a business, the question if it was practical and affordable for the business could not be determined or considered by an inspector. It would be expected that Network Rail would raise concerns about the reasonable practicability or affordability of recommendation with the ORR. • On increasing the level of dialogue between NR and the RAIB, this was key to understanding the accountabilities, and as risk management was a duty for both parties. RAIB would seek to consult with duty holders following the issuance of a report . However, the overriding position was to avoid conflicting their independence and not debate with a duty holder. The intention and invitation for open dialogue was instead to mediate between the regulator and NR to review expectations and implementation methods. The RAIB would not mediate on the solutions, as that would be instigated between a duty holder and the regulator. The Board thanked Mr Hall for his update, for Martin Frobisher's contribution to the discussion in the meeting, and welcomed periodic engagement with the RAIB going forward. *Andrew Hall and Martin Frobisher left the meeting.*	
24/026	**<u>TRU Quarterly Update</u>** *Rob McIntosh, Hannah Lomas and Gordon Kells joined the meeting.* The Board **NOTED** paper 12/24 which provided a quarterly update on the Transpennine Route Upgrade. The upcoming challenges were: • The mobilisation of two large projects, namely W34 and E234, and the ramp up of delivery activity; • The development of the target cost for each of the contracts and the assurance process around contracts readiness; • The use of SPEED principles to drive cost and schedule efficiencies; and • The restructuring and embedding of the transformation programme to deliver the new operating model, with a key focus on creating three distinct layers: Project Delivery, Programme Management & Integration, and Enterprise Management. The Board was requested to delegate [redacted] The top five issues were briefly discussed, and the work carried out to improve the alliances and their scope towards innovation. Having considered the salient points, the route to contract and key dates for decision making and approval, the Board:	

	[redacted] [redacted] The Board thanked Rob, Hannah and Gordon for their update. *Rob McIntosh, Hannah Lomas and Gordon Kells left the meeting.*	
24/027	**<u>December 2024 Timetable Change</u>** *Lawrence Bowman, Chris Rowley and Chris Curtis joined the meeting* The Board **NOTED** paper 13/24 which outlined the biggest timetable change since May 2018 and the identified key risks. Amongst other things, the Board briefly discussed: • The level of risk related to industrial action and its impact on what already appeared to be a tight schedule for the training of sufficient drivers, especially for [redacted]. In addition there was implementation risk associated with weather related disruption in the winter months, the consequences of which had been discussed with the Permanent Secretary to the DfT on the previous evening. • That Network Rail's role was understood in the content of the Network Code and that the company had no right of veto of a compliant bid. Moreover the practical implications meant that even rejection of a non compliant bid was rarely feasible given the implications for other operators. • That further updates should be provided to the Board as the proposal developed. The Board thanked Lawrence, and both Chris's for their input. *Lawrence Bowman, Chris Rowley and Chris Curtis left the meeting*	LB
24/028	**<u>Function Update – Group Communications</u>** *David Leam, Claire Grundy and Emma Knight joined the meeting.* The Board welcomed the Communications Team and David Leam outlined the structure of his team and their priorities, which were: • To build engagement and trust with employees. • To build stakeholder trust and confidence via reform and investment. • To put passengers first by providing a punctual railway, ensuring safety, care and a great service. There were significant challenges in the coming year, in which there would be a general election, as well as mayoral and local elections. Therefore it was important that effective communication be maintained, whilst showcasing Network Rail, its programmes and initiatives to key stakeholders, and what value the business provided. Internal challenges related to providing a clear sense of leadership and direction to employees, engaging leaders in the process.	
	The Board discussed: • The data analytics used and the improvements to the My Connect pages. However, track worker might not have access to computers. • The growing engagement and trust built up with employees following last year's industrial action.	

	• The need for improved passenger information during periods of disruption; it was reported that an industry communications group was being set up to work in partnership with TOCs. • The Network Rail story and the new vision for a "simpler, better and greener" railway. The team were working closely with leaders for localised messages, and it was recommended that such messages remain local and not be led from the top-down.	
	• Gen-Z traveller feedback was also being piloted. The Board thanked David, Claire and Emma for their insight. *David Leam, Claire Grundy and Emma Knight left the meeting.*	
24/029	**Talent Strategy Discussion** *Pauline Holroyd joined the meeting.* The Board **NOTED** the contents of paper 15/24 which provided an overview on the objectives of the talent strategy, CP7 challenges and the state of the market and other external forces. The Board briefly discussed: • Digital inclusion, which related to accessibility and connectivity for all. IT support could be improved, and it was determined that a 24-hr helpdesk would be beneficial for shift workers and other diverse workforce. This initiative relied on business change of behaviours and communication methods, as well as capability. • Part-time employment figures were low, and this was being reviewed in terms of diversity. • Concerns around attracting new maintenance workers and how the company engaged with graduates. It was suggested to engage with migrants who were permitted to work in the UK and who already fit the profile and skills needed. The Board thanked Pauline for the feedback. *Pauline Holroyd left the meeting.*	
24/030	**Train Control Systems Framework and Strategy** *Clive Berrington and Philip Bennett joined the meeting* The Board **NOTED** the contents of paper [redacted] This framework would be delivered through strategic and regionally aligned platforms, where value for money had been improved. The readiness and mobilisation team were working with regions to prepare for commencement; to develop the Framework Management Plan and Contract Management Plan templates alongside regional representatives, and to prepare for the stand up of the Network Rail allocation group and governance boards. Subject to receiving approval from Board, the Cabinet Office would then be notified to obtain their endorsement. Following which, stand still letters would be issued to all tenderers in March, to enable a start date of 1 April 2024. Having considered the business need to develop and improve signalling systems and products, the associated risks and mitigations, and to address the actions and recommendations from the ORR report into signalling, the Board, [redacted] The Board thanked Clive and Philip for their update. *Philip Bennett left the meeting.*	

24/031	**Provision of Tamper and Regulator Services** *Rob Morton and Julia Territt joined the meeting* The Board **NOTED** the contents of paper [redacted] [redacted] [redacted] [redacted] [redacted] The Board thanked Rob, Julia and Clive for their update. *Rob Morton, Julia Territt and Clive Berrington left the meeting.*	
24/032	**Committee Updates** The Board was verbally updated on the recent meeting of the Safety, Health and Environmental Compliance Committee. Chair of the Committee, Mike Putnam, confirmed that there had been no changes to the risk register and that all Internal Audit recommendations had been completed.	
24/033	**Company Secretary's Report** The Board **NOTED** the contents of paper 18/24 which provided an update from the Company Secretariat. The Board: 1. **NOTED** the company law developments; and 2. **RATIFIED** use of the Company seal.	
24/034	**Prosecution report** The Board **NOTED** the contents of paper 19/24.	
24/035	**Draft Board Agenda** The Board reviewed the draft agenda for the next meeting on 21 March 2024, which would be held in Glasgow, Scotland.	
24/036	**Dates of Future Meetings** The Board reviewed the future meeting dates for the 2024 calendar year.	
24/037	**Any other business** **Non-Executive Director Recruitment** The Board **NOTED** the contents of paper 20/24 which outlined the Nomination and Remuneration Committee's recommendation to appoint the three new independent Non-Executive Directors to the Board.	

The Committee had considered succession planning of the Board as a whole, to ensure that membership continued to maintain the significant level of rail industry expertise as well as asset engineering experience, in order for the Board to continue to be effective and in accordance with the Network Licence conditions.

To support the Audit and Risk and Treasury Committees, it was also intended to appoint someone with sufficient financial experience, and such recommendation would follow in due course.

Having consulted with the DfT and being in the best interests of Network Rail, the Board hereby **APPROVED**:

1. for [redacted] to be appointed as independent Non-Executive Director of Network Rail Limited and Network Rail Infrastructure Limited, effective from the date approval is received from the Secretary of State for Transport and the Prime Minister's office;
2. for [redacted] to be appointed as independent Non-Executive Director of Network Rail Limited and Network Rail Infrastructure Limited, effective from the date approval is received from the Secretary of State for Transport and the Prime Minister's office;
3. for [redacted] to be appointed as independent Non-Executive Director of Network Rail Limited and Network Rail Infrastructure Limited, effective from the date approval is received from the Secretary of State for Transport and the Prime Minister's office;
4. to extend the current term for **Rob Brighouse** as Senior Independent Director, to **31 July 2024**, to support the induction of new members; and

The Board also **APPROVED** for **Mike Putnam** to be appointed Senior Independent Director, following the retirement of Rob Brighouse.

The Board thanked Holly Hopgood for attending and welcomed her feedback from her observations of the day.

Date of next scheduled meeting: 21 March 2024

…………………………………….. Chair