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Minutes of a Meeting of the Board
held on Thursday 21 March 2024
at Room 6.6, 151 St Vincent Street, Glasgow, G2 5NW

Present	Peter, Lord Hendy of Richmond Hill (Chair) Ismail Amla Mark Bayley Rob Brighouse Stephen Duckworth (via Teams) Andrew Haines (joined at 10.35am)	Michael Harrison David Noyes Fiona Ross Jeremy Westlake
In attendance	Susan Beadles, Group General Counsel & Company Secretary Louise Kavanagh, Chief of Staff (joined at 10.35am) David Leam, Group Communications Director Bhavini Kundaiker, Interim Deputy Company Secretary	
	Alex Hynes (minute 24/042) Liam Sumpter (minute 24/042) Paul Marshall (minute 24/044) Martin Frobisher (minute 24/045) Jo Lewington (minute 24/045) Ben Edwards (minute 24/046)	Rob McIntosh (minute 24/047) Chris Winfield (minute 24/047) John Reed (minute 24/047) Jake Kelly (minute 24/048) Megan Stirrup (minute 24/048)
Apologies	Mike Putnam	

No.	Item	Actions
24/038	**<u>Chair's opening remarks</u>** The Board: • Noted Alex Hynes' secondment to the DfT and discussed the operational considerations. The Board reflected on: 1. The discussions at the Board dinner held the previous evening, attended by Alex Hynes, Managing Director, Scotland's Railway; Liam Sumpter, Route Director, Scotland's Railway; Catherine Ospedale, Communications Director, Scotland Region, Bill Reeve, Director of Rail, Transport Scotland; Richard Cairns, Chairman, Scottish Rail Holdings; David Lowrie, Chief Executive, Scottish Rail Holdings; Tracy Black, Chief Strategy Officer, CBI; and Kathryn Darbandi, Managing Director, Caledonian Sleeper Limited. 2. The draft Rail Reform Bill published on 20 February, which sets out plans as to how track and train would be brought together, and which would undergo pre-legislative scrutiny by the House of Commons. 3. Progress made to appoint three new Non-Executive Directors to the Board, which appointments had now been approved by the Prime Minister. The Company Secretariat was instructed to proceed with necessary induction process.	BK
24/039	**<u>Minutes of previous meeting</u>** The minutes of the Board meeting held on 15 February 2024 were approved, subject to the Chair's review of proposed redactions.	BK
24/040	**<u>Action list</u>** The Board reviewed the action list. In relation to the actions from the Board strategy day, the Company Secretariat was asked to liaise with action owners to agree dates for each action, and an updated schedule would be provided to the next Board meeting.	BK

24/041	**Directors' interests** Directors confirmed that there had been no change to any existing interest declared. Rob Brighouse informed the Board of a new interest, that he had been appointed as **Non-Executive Director** for **London Luton Airport Ltd** on **1 March 2024**. The Company Secretariat was requested to update the Register of Interests accordingly.	BK
24/042	**Region update - Scotland's Railway** *Alex Hynes and Liam Sumpter joined the meeting.* The Board **NOTED** the contents of paper 21/24 and welcomed Alex Hynes, Managing Director for Scotland's Railway and Liam Sumpter, Route Director for Scotland's Railway, to the meeting. The strategic priorities for Scotland's Railway and continuing projects were highlighted; emphasising that they were aligned with the same vision as Network Rail's. • A transformational team had been assigned for CP7 priorities, with the main key driver continuing to be revenue and reducing net cost. • Modernising Management would remove unnecessary management layers and invest in key, safety critical functions. • Performance was reported as consistently high, even following adverse weather in the last 6 months. The delivery plan for CP7 would next focus on heavy refurbishments for climate readiness in the next 5 years; expecting that this would improve performance by speed restrictions being reduced. £400 million had been allocated for climate ready assets towards resilience the projects. For example, weather resilience had been bolstered by use of a helicopter and employment of a full-time meteorologist. This ensured that better decisions could be made earlier and enabled efficient communications with the business and customers. Equipment had also been installed on embankments and cuttings to detect movement of land and trees. • The safety culture improvement programme "MySafety", encouraged an environment for open challenge by colleagues on safety. The Board were played a short video capturing first-hand experience, daily considerations and challenges from colleagues who worked in safety critical roles. This collaboration would provide additional data for HR, which would be reviewed when investing in management skills and improve performance against the wider strategy. • Scotland would be the next route to use the PRIMA tool. Amongst other things, the Board discussed the role of occupational health with regard to psychological safety and mental health support for those critical decision-making roles; the use of AI cameras to identify fractures in the infrastructure, and how effectively AI was used; the strengthening of oversight of contractors that self-assure their work during and on the completion of the work, and how contractors needed to earn the right to self-assure their work; and how performance had improved due to enhanced drainage and management of water (with neighbours) beyond the railway boundaries. The Board thanked Alex and Liam for their update. *Alex Hynes and Liam Sumpter left the meeting.*	
24/043	**Board Report** The comprehensive Board report was reviewed, and the Board focussed its discussions on: • **Safety** - The Walton-on-Thames derailment incident, causing all lines to be blocked, however, resulting in no injuries to passengers. A level 3 investigation had been launched and will be led independently. Both the RAIB and the ORR were also conducting investigations.	PH

	- An update was provided on the ORR improvement Notices received and the responses to each. It was agreed that it would be beneficial for the Board to engage with the ORR's Board and the Chair would reach out to the ORR accordingly. • **Train Performance** - Period 12 noted the best performance versus target of the year to date. On-Time and cancellations bettered targets. This was helped by milder weather than experienced in almost every other period over the autumn/winter months. - Rob Cairns, RMD, was having a positive impact on the Wales and Western region. - P12 was also the best period of the year for region delivery against CRM-P with three of the five bettering their scorecard targets. - The Board noted that asset failure and asset failure impacts were often better measures of regional performance than On Time train performance. It was agreed that the periodic route based performances summaries would be provided in the Reading Room. - Several challenging conflicts remained between train paths that had been sought as part of the bidding process for the December 2024 timetable. FOCs had not bid against the prior working timetable, so the Network Rail team was still surfacing issues. The team was working to resolve conflicts, but there remained the possibility of one or more bidders exercising their right of appeal, with continued uncertainty around rostering of drivers and crews. The Board discussed what advice should be provided to the DfT Ministers.	AH
	• **HS2** - The Board noted that Network Rail was monitoring any proposals for alternative plans for HS2. • **DfT** - The Board considered and noted the reorganisation that had been undertaken within the DfT.	
	<u>Chief Financial Officer Commentary</u> • **Regulation** The final CP7 plan had been submitted to the ORR on 1 March 2024. • **Financial Performance** - The outlook for financial performance in P11 had deteriorated by £54m and was now £379m behind target (28% KPI achievement). Adverse weather, higher overall levels of asset failures and persistent issues with the Wales and Western region, had impacted performance significantly. - There has also been additional OPEX spend allocated to support train performance and slower implementation of maintenance modernisation in certain regions, as well as increased renewals costs, impact of lost activity, project prolongation and subcontractor issues. As regions were able to deliver additional work earlier than planned, it was agreed with the DfT, to accelerate £75m from CP7. - On property, James Forbes House had now been sold for £30m, with Willesden and Old Oak Common likely to complete soon. • [redacted]	
24/044	**<u>FY25 PRP Scorecards Targets and Tapers</u>** *Paul Marshall joined the meeting.* The Board **NOTED** the contents of paper 22/24 which had been reviewed by the ELT. The DfT and the ORR had also been consulted, and their feedback was reflected in this paper where appropriate. The Nomination and Remuneration Committee had endorsed the proposal in early March subject to further assurance being undertaken on measures chosen by the regions. Target	

	proposals had now been assured by comparing current and historic performance, based on the P11 Full Year Forecasts as provided by the regions and functions, incorporating 11 periods of actuals and 2 periods of forecasts. The Board was asked to approve the PRP Scorecard Targets, Metric Taper Methodologies and the actual Scorecards and Targets for use in FY25. The Board noted the challenge from the ELT on On-Time and freight cancellations targets. That diversity measures had been included in the Route Service scorecard, and EDI measures were being included in the shadow PRP scheme trialling measures for adoption from 25/26. The Board **APPROVED** the proposed: 1. PRP Scorecard Targets; 2. Metric Taper Methodologies including Year End process; and the 3. Scorecards, Targets and Tapers for use in FY25. The Board thanked Jeremy and Paul for their update. *Paul Marshall left the meeting.*	
24/045	**<u>Environmental Sustainability Strategy refresh</u>** *Martin Frobisher and Jo Lewington joined the meeting.* The Board **NOTED** the contents of paper 23/24 which provided an update on the refresh of the Environmental Sustainability Strategy and key challenges that were being addressed. The intention was to publish the updated strategy in the first quarter of CP7. The aim was to look beyond the next 5 years and consider system resilience against climate change impact. The Board was updated on the recent discussions at the Environmental and Sustainability Committee; that the strategy goes beyond CP7 and whilst it acknowledged the funding available in the control period, is not constrained by it; that resilience to climate change was key; work carried out beyond the railway boundary and with key 3rd party stakeholders; and the promotion of biodiversity as a natural solution to the protection of the railway and a better passenger experience, for example, using hedges as boundaries. • **Biodiversity short film** It was noted that the Chair had visited Hadley Wood earlier that month, where a series of traditional "railway hedges" were thriving following intervention by Network Rail colleagues and The Tree Council. A short film presented at prior events was played for the meeting. The Board thanked Martin and Jo for their update. *Martin Frobisher and Jo Lewington left the meeting.*	
24/046	**<u>Risk Appetite Review</u>** *Ben Edwards joined the meeting* The Board **NOTED** the contents of paper 24/24 which outlined the risk appetite statements following an annual review alongside the ELT, with particular focus to align with the CP7 outlook. The statements were structured into four risk areas (Safety, health and environment; Train performance; Finance; and Political and stakeholder). After a review with the business, there were no proposed changes to the appetite statements or selected level against each area. It was noted that cyber risk was outside of the Board's appetite. Having been endorsed by the ELT and recommended for approval by the Audit & Risk Committee, the Board hereby **APPROVED** the Risk Appetite Statements for FY24/25. The Board thanked Ben for his update. *Ben Edwards left the meeting*	

24/047	**<u>Redevelopment of Euston Conventional Station</u>** *Rob McIntosh, John Reed and Chris Winfield joined the meeting.* The Board **NOTED** the contents of paper 25/24 which requested an increase in Investment Authority for the Euston RECS project. The Board discussed the: • high degree of flexibility and time; • objectives of building homes and community spaces alongside the Government's intention to have a development led project; • overall investment upon completion and the future ownership of the station. Following due consideration, the Board **GRANTED £17.644m** of Investment Authority from the £94.5m residual RNEP funding committed to RECS at Spending Review 21 (SR21). The Board thanked Rob, John and Chris for their update. *Rob McIntosh, John Reed and Chris Winfield left the meeting.*	
24/048	**<u>Northern Powerhouse Rail – Development and Design Partnership Framework Sourcing Strategy</u>** *Jake Kelly and Megan Stirrup joined the meeting.* The Board **NOTED** the contents of paper 26/24 which sought approval for the commercial and sourcing strategy to deliver the Northern Powerhouse Rail/Integrated Rail Plan design requirements via a new Development and Design Partnership Framework The procurement was also noted as being in the Cabinet Office pipeline. Amongst other things, the Board briefly discussed: • the approach and testing of the commercial approach, with affordability being central to this; • incentivisation to produce cost effective designs and achieve value for money, including building sufficient contractual, high-quality gateway reviews of the design; • tactical and strategic KPI's, with the intention to link performance to the rewards transparently with the contractors; • how stakeholder expectations would be managed; and • if there were any key learnings that could be applied from other projects. Having considered the salient points, risks and mitigations, and endorsement of the ELT, the Board: **1.** **APPROVED** the commercial and sourcing strategy; and 2. **NOTED** that the ELT would exercise its existing delegated Authority to contract (up to £750m) to approve the award and execution of the contract/s procured in accordance with the approved commercial and sourcing strategy, subject to Investment Authority having first been granted. The Board thanked Jake and Megan for the feedback. *Jake Kelly and Megan Stirrup left the meeting.*	

24/049	<u>**Committee Updates**</u>
	
	The Board was updated on the recent meetings of its committees:
	• Audit & Risk Committee
	  ○ The Chair of the Committee reported that the Committee had assured the ethics and conduct policies for and on behalf of the Board.
	  ○ The Committee requested the flexibility with which the ORR is prepared to concede on CP7 Delivery Plans to be monitored and for this to be a standing item when the business reports on the regulatory escalator.
	  ○ The NAO external auditor fee for FY24/25 was £729,300, a 6.7% increase from £683,300 (FY23/24). As requested, the Board **DELEGATED** authority to **Paul Marshall**, Group Finance Director to agree the final fee and terms and scope for and on behalf of the Board.
	  ○ In order to supplement the Committee, **Dr Ilona Blue** would be appointed to provide independent financial expertise and advice, in due course.
	• Treasury Committee
	  ○ In order to supplement the Committee, **Dr Ilona Blue** would be appointed to provide independent financial expertise and advice, in due course.
	• Nomination & Remuneration Committee
	  ○ The Committee had recommended a number of reappointments to the GBRTT Board, and the appointment of **Dr Ilona Blue** to the Audit & Risk and Treasury Committees. These were included in the Company Secretary's Report.
	• Property Supervisory Committee
	  ○ On 8 May the members of the Committee would visit the site of the proposed development at Bow Goods Yard. Members of the Board were welcome to join the Committee on the site visit.
	  ○ Steve Smith, Non-Executive Director had retired at the last meeting. His contribution was acknowledged and the Chair would personally reach out to thank him.
		PH

24/050	<u>**Company Secretary's Report**</u>
	
	The Board **NOTED** the contents of paper 29/24 which provided an update from the Company Secretariat.
	The Board hereby:
	1. **APPROVED** the appointment of **Dr Ilona Blue** as Independent External Advisor to both the Audit & Risk and Treasury Committees, for a fee of **£25,000** per annum, combined; and
	2. **DELEGATED** authority to **Mark Bayley**, Chair of each of the above committees, to conclude the scope, terms and conditions for the appointment(s), and other any related documents that record the arrangements.
	3. **APPROVED** the following reappointments to the GBRTT Board for a further 12 months, expiring on the earlier of **28 February 2025** and its dissolution:
	  3.1 Dyan Perry OBE as an independent Non-Executive Director;
	  3.2 Jane Mee as an independent Non-Executive Director;
	  3.3 Heidi Mottram CBE as an independent Non-Executive Director;
	  3.4 Tony Poulter OBE as an independent Non-Executive Director.	

	4. **APPROVED** the following reappointments to the GBRTT Board, expiring on the earlier of the end of their current terms on the NR and NRIL Boards and its dissolution: 4.1 Peter, Lord Hendy of Richmond Hill CBE as an independent Non-Executive Director; 4.2 Ismail Amla as an independent Non-Executive Director; 4.3 Mark Bayley as an independent Non-Executive Director; 4.4 David Noyes as an independent Non-Executive Director. 5. **NOTED** the following reappointments to the GBRTT Board by the Department for Transport, expiring on the earlier of **28 February 2025** and its dissolution: 5.1 Keith Williams CBE as Chair of the GBRTT Board; and 5.2 Michael Harrison as Special Director. 6. **APPROVED** that the above appointments will not be separately remunerated. 7. **RATIFIED** use of the Company seal.	
24/051	**<u>Prosecution report</u>** The Board **NOTED** the contents of paper 30/24.	
24/052	**<u>Draft Board Agenda</u>** The Board reviewed the draft agenda for the next meeting to be held on 2 May 2024, in Birmingham. The next Strategy Day was noted as 9 May 2024. It was agreed that the date would be rescheduled to later in the year and would discuss Horizon Scanning.	BK
24/053	**<u>Dates of Future Meetings</u>** The Board reviewed the future meeting dates for the 2024 calendar year.	
24/054	**<u>Any other business</u>** Michael Harrison, the shareholder appointed Director, was leaving UKGI and would be resigning from the Board in due course. It was noted that Rob Brighouse and Michael Harrison would attend their last meetings for the Audit & Risk Committee and Treasury Committee on 20 June. The Company Secretariat was asked to proceed with organising the formalities prior to their departure. The Board requested that the revised Delegation of Authority Policy that was scheduled to come to the Board in May, be rescheduled to come to the meeting in July.	BK BK
Date of next scheduled meeting: **2 May 2024, Baskerville House, Birmingham**		
	…………………………………….. Chair	