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Minutes of a Hybrid Meeting of the Board
held on Thursday 4 July 2024
George Stephenson House, Toft Green, York, YO1 6JT

Present

Peter, Lord Hendy of Richmond Hill (Chair)
Ismail Amla
Mark Bayley
Rob Brighouse
Stephen Duckworth
Andrew Haines
Stuart Harvey*
David Noyes
Dyan Perry
Mike Putnam
Fiona Ross
Steve Scrimshaw

Paul Marshall (Alternate Director for Jeremy Westlake)

In attendance

Susan Beadles, Group General Counsel & Company Secretary
Mimi Ajibade, Deputy Company Secretary
Louise Kavanagh, Chief of Staff
David Leam, Group Communications Director

Ilona Blue (Committee Independent Advisory Expert) #
Carolyn Battersby (UKGI) #
Richard Sheath (Independent Audit) #
Jane Hayes (Independent Audit) #

Jake Kelly (MIN 24/079)
Paul McKeown (MIN 24/079)
Bukola Asheolu (MIN 24/080)
Harriet Hepburn (MIN 24/080))
Pauline Holroyd (MIN 24/081))*
Navleen Kalra (MIN24/081)*
Cara Clancy (MIN 24/081)*
Tim Craddock (MIN 24/082)*
Ian Ramshaw (MIN 24/083)*
Rob McIntosh (MIN 24/085)*
Gordon Kells (MIN 24/085)*
Neil Holm (MIN 24/085)*
Tantty Gallacher (MIN 24/086)*
Clive Berrington (MIN 24/089)

Apologies Jeremy Westlake

*By video conference
#External Observer

No.	**Item**	**Actions**
24/074	**<u>Welcome</u>** The Chair welcomed everyone to the meeting, mentioning proposed new board members Steve Scrimshaw, Dyan Perry and Stuart Harvey, attending their first Board meeting, whose appointments would be approved later in the meeting. Carolyn Battersby who was attending as an observer was also welcomed. The Chair welcomed Dr Ilona Blue, who had recently been appointed in connection with the Audit & Risk Committee and the Treasury Committee, and Richard Sheath and Janes Hayes of Independent Audit, all of whom were attending as observers. The Chair also welcomed Mimi Ajibadé, Deputy Company Secretary, to her first meeting. The Chair confirmed that the meeting was quorate.	

Chair's opening remarks
The Board:

- Reflected on discussions the previous day at the Board dinner, at which Board members were joined by Tricia Williams (Managing Director, Northern Rail), David Horne (Managing Director, LNER) and Councillor Susan Hinchcliffe (Leader, Bradford City Council).
- Praised Clare Irvine, Laurie Southwell, and Katherine Oredugba for organising a successful Board dinner and Kate Mills of the National Railway Museum, for her interesting and entertaining tour of the museum tour.
- Was informed of the visit to York Central station development site undertaken by some members on the previous day. Tracked action: Mimi Ajibadé
- Noted a meeting of NEDs only would be arranged for in September 2024.
- Was informed of a DfT NED induction event on 2 July that had been attended by some of its members.
- Reflected on the work on horizon scanning at the successful Board strategy day on 25 June 2024.

24/075 Minutes of previous meeting
The minutes of the Board meeting held on 2 May 2024 were approved, subject to minor corrections.

24/076 Action Schedule
The Board reviewed the action schedule.

24/077 Directors' interests
Stuart Harvey declared his executive role as Chief Capital Officer for Transport for London.

The Governance & Secretariat team was requested to update the Register of Interests, accordingly. Action: Mimi Ajibadé

Mark Bayley declared he had an interest in item 9 (Network Rail Pensions Review) due to his membership of the Railway Pension Scheme. It was noted that the paper for item 9 did not require any decision to be taken by the Board.

24/078 Board Report
The comprehensive Board report was reviewed. The Board focused its discussion on the following:

1. **Rail Reform**
The Board considered the manifesto commitments on rail of the main political parties.

   The Board was informed that if the Labour Party won the election, it was anticipated that the King's Speech would refer to two bills in relation to rail reform. The first bill would regularise the DfT's ability to take train operating companies into public ownership permanently. This bill would be introduced to Parliament before the summer recess.

   The second bill would concern the reform of the rail industry. Significant policy work and clarity of political will would be required for this bill. It was anticipated that this bill would be introduced to Parliament late in the first session.

2. **ORR Health & Safety Regulation Committee**
The Board was advised of a letter received from the Chair of the ORR's Health & Safety Regulation Committee following that committee's most recent meeting, which had

been attended by Rob Brighouse and Martin Frobisher. The letter and Network Rail's response would be circulated to Board members.

[redacted]

4. **<u>Margam</u>**
The Board NOTED that at a preliminary hearing on 24 June, Network Rail had pleaded guilty to a charge of an offence contrary to section 2(1) of the Health & Safety at Work Act for failing so far as is reasonably practicable to ensure the safety of its employees. Network Rail did not accept certain statements made by the ORR in its case summary and would be seeking to agree the basis of plea with the ORR. [redacted]

5. **<u>Port of Felixstowe Derailment</u>**
The Board considered the impact that this incident might have on the rail freight industry generally.

6. **<u>Timetable Changes</u>**
The Board NOTED the update on LNER's position relating to the May 2025 timetable change.

   The Board discussed the ongoing work by the System Operator to triage access rights applications received from operators in relation to December 2024, May 2025 and December 2025 timetable changes and the concerns that have been raised with the ORR.

7. **<u>Train Service performance</u>**
The Board was informed that individual members of the Senior Leadership Group had given personal commitments as to the role they will play in improving train service performance.

8. **<u>Train Operator Performance</u>**
The Board considered the impact of crew resourcing difficulties and ongoing industrial action on train operator performance.

9. **<u>Access for All</u>**
The Board received an update on the creation of a Portfolio Sponsorship Office to monitor performance of the Regions in delivering Access for All schemes.

The remainder of the Board report was taken as read and NOTED.

<u>Chief Financial Officer Report</u>

- **<u>Financial Performance</u>**
The Board was informed that a small reduction in the CP7 overlay was anticipated in RF3.

- **Regulation**
  A review of the engagement we have with the ORR throughout the organisation was underway with a view to making interactions more efficient. Network Rail had also started work on updating the regulatory performance commitments. It was hoped that the Office for Rail and Road would support a wider review of Schedule 8.

  The Board considered the changes to the Regulatory Escalator in the period.

- **Efficiencies**
  It was reported that the Company moved into CP7 with a target of achieving 10% efficiency by FY29 in operating expenses, and 15% in capital expenditures. The efficiency plan was being updated and would report on how efficient we were last year and against the new control period. It would be circulated to the Board by correspondence.

- [redacted]

The remainder of the CFO's report was taken as read and NOTED.

24/079 **Region Update – Eastern**

Jake Kelly and Paul McKeown joined the meeting.

Paper 42/24 provided an overview of the Region since Jake Kelly joined as Regional Managing Director in September 2023. The recent recruitment of high-quality people to refresh an already strong executive team, had brought fresh perspectives. Mr Jamie Burles, who was currently Managing Director of Greater Anglia Rail operator, would join as Deputy Managing Director of Eastern Region.

Scorecard
A disappointing scorecard outturn for 2023/24 was partly explained by poor train performance in Eastern Region that had been impacted by a wetter autumn in 2023, causing several high-profile earthwork failures which ultimately caused disruption to passengers. Train operator industrial action had also been a contributory factor.

Safety
Overall, there were continuing improvements in relation to safety. Fire safety was a key focus alongside the increased risk created by climate change, particularly in relation to earthworks, drainage and flood management. It was recognised that earthworks needed increased monitoring, including using remote monitoring. Also important was to identify and work with neighbours, including water companies and highways, on flood management plans.

North London Line
The reliability of the Richmond branch of the North London Line has been the subject of criticism regarding maintenance and response time. Eastern Region is developing a strategy for stabilising the infrastructure and improving service performance in the meantime, on which TfL will be consulted before it is submitted to the DfT.

The Board:
1. **NOTED** the achievement in Regional environmental compliance, which had not been covered in any detail in the paper.
2. **NOTED** the verbal update on the incident at Colton Junction. It was agreed that further information would be circulated in correspondence. Tracked action: Jake Kelly
3. **NOTED** signs of stress in the performance of train operators in the Region was not entirely explained by the impact of industrial action.

4. **NOTED** the update on Equity, Diversity and Inclusion (EDI) Outcomes in the Region and the steps taken to improve diversity, such as more diverse recruitment panels and blind CVs. The Region was also working with Cambridge University on EDI initiatives.

Jake Kelly and Paul McKeown left the meeting.

24/080 [redacted]

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[redacted]

[redacted]

- [redacted] Tracked action: Jeremy Westlake
- [redacted] Tracked action: Paul Marshall/ Harriet Hepburn
- [redacted]

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24/081 **Everyone Belongs – CP7 Equity, Diversity & Inclusion Strategy**

(Pauline Holroyd, Navleen Kalra and Cara Clancy joined the meeting)

The Board considered paper 44/024, which requested the approval of the Equity, Diversity and Inclusion Strategy for publication. The strategy proposed the direction for the company in relation to EDI for CP7 and set out five key themes and high-level outcomes that would support the Company's ability to become a fully mature, high performing, service-led organisation with an engaged and skilled workforce.

The Board discussed how to ensure managers were held accountable for the culture of the organisation in the absence of targets. The Board was advised that national targets were not driving the right behaviours. Instead, specific and tailored interventions would ensure equitable outcomes. For example, within the CFO Directorate support would be given to women employees to progress beyond Band 3.

It was agreed that a separate meeting would be organised with Ismail Amla to talk him through the decision not to rely on targets to change behaviours. — Pauline Holroyd and Navleen Kalra

Outcomes from these interventions were already being measured in two ways: one, through a Power BI dashboard and the other by an EDI Regional team monitoring and measuring outcomes at local level. The Deputy Company Secretary would circulate the current dashboard to Board members. — Action: Mimi Ajibadé

Managers would be supported through education and leadership training.

The devolved structure required Regions to be supported with their own customised approach for cultural change to address local issues.

The Company would be ambitious in bringing and developing women and ethnic minorities into leadership positions.

There being no further questions, the Board:

1. **APPROVED** the EDI Strategy in readiness for formal publication.
2. **REQUESTED** an update would be provided to the Board in September 2024.

Navleen Kalra and Clara Clancy left the meeting

24/082 **Network Rail Pensions Review**

Tim Craddock joined the meeting

The Board considered paper 45/024, which provided insight into the current state of the Company's pension schemes and the Pensions Strategy.

It was requested that the paper be presented for consultation with the Nomination & Remuneration Committee on the pension arrangements for senior executives at the next meeting of the Committee in November 2024.

There being no further questions the Board:

1. **NOTED** the proposed Network Rail Pensions Strategy and the planned Scheme Review, previously endorsed by the Executive Leadership Team on the 18 June 2024.

Tim Craddock and Pauline Holroyd left the meeting

24/083 **Coronation Medal – Presentation**

Peter, Lord Hendy of Richmond Hill presented medals to the recipients who were praised and congratulated for their exemplary services on behalf of the Company during the arrangements surrounding the King's Coronation.

24/084 **NRL Annual Report and Accounts for the year ended 31 March 2024**

The Board considered papers 46/24 and 47/21 which related to the Network Rail Limited (NRL) Annual Report & Accounts (ARA) for the year ended 31 March 2024 and that of its operating subsidiary Network Rail Infrastructure Limited for the year ended 31 March 2024.

The first paper presented the key financial results for both companies. The second paper sought specific approvals related to the Viability Statement and confirmation that the ARA as a whole was 'fair, balanced, and understandable'. As the ARA was not yet finalised, the Board was also asked to appoint a sub-committee to review, and if appropriate, formally approve the final version of the ARA. The NRL ARA had been included in the Reading Room (RR02).

The Board noted that the Audit & Risk Committee had reviewed a substantively complete draft of the ARA, and recommended it to the Board for approval once finalised and signed-off by the National Audit Office.

The Board also noted that a consequence of the general election was that the DfT could not currently confirm when the NRL ARA would be laid before Parliament. The DfT hoped that this would occur before the summer recess.

The Board commended the work of Daniella Soosay on the Annual Report 2024.

There being no further questions, and subject to immaterial corrections:

1. **APPROVED** the Viability Statement in the NRL Annual Report and Accounts 2023/24
2. **APPROVED** the NRL Annual Report and Accounts 2023/24 as being "fair, balanced and understandable";
3. **APPROVED** the Annual Report & Accounts of Network Rail Infrastructure Limited for the year ended 31 March 2024;
4. **APPROVED** the appointment of a sub-committee of the Board to review and approve the Network Rail Limited Annual Report and Accounts 2023/24 and associated documents including the regulatory announcements, and the Network Rail Infrastructure Limited Annual Report and Accounts 2023/24, and that the sub-committee comprise of any three directors, to include at least one of Mark Bayley and Jeremy Westlake; and
5. **APPROVED** the Network Rail Limited Notice of the Annual General Meeting 2024 and associated documents, subject to any appropriate changes.

24/085 [redacted]

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[redacted]

24/086 **Delegation of Authority Policy FY24/25**

Tantty Gallacher joined the meeting

The Board considered paper 49/24 which set out proposed changes to the Delegation of Authority Policy (FY22/23) for approval. The paper had received endorsement from the Executive Leadership Team on 18 June 2024. A supplemental paper RR04 was in the Reading Room which was taken as read.

The Board **NOTED** that the sums delegated under the Delegation of Authority had increased substantially to reflect inflationary pressures.

The Board **DETERMINED** that a delegation of authority strategy should be considered for significant rail network enhancement projects, so that only strategic and critical business matters were escalated upwards to Board, with business-as-usual activities being authorised at the Executive level.

The paper was discussed, and there being no further questions, the Board:

1. **APPROVED** the proposed revised Delegation of Authority Policy (FY24/25).

The Board requested a half-yearly report on the implementation of the Delegation of Authority Policy. The Policy would be reviewed in 12 months' time.

The Board commended Tantty Gallacher for her work.

Tantty Gallacher left the meeting)

24/087 **Committee Updates**

The Board was updated on the recent meetings of the:

- Property Supervisory Committee;
- Nominations and Remuneration Committee;
- Safety Health & Environmental Compliance Committee;
- Environmental Sustainability Committee;
- Treasury Committee; and
- Audit and Risk Committee.

In particular, the Chair of the Nomination & Remuneration Committee had recommended the appointment of three new non-executive directors to the Board. The Board:

1. **APPROVED** the appointment of Steven Scrimshaw as a Director of the Company with immediate effect.
2. **APPROVED** Stuart Harvey as a Director of the Company with immediate effect.
3. **APPROVED** the appointment of Diane (Dyan) Perry as a Director of the Company with immediate effect.

There were also changes to the membership of the Board committees which had been recommended by the Nomination & Remuneration Committee for approval of the Board. The meeting was referred to the schedule of committee appointments, and there being no questions, the Board **APPROVED** the committee appointments with immediate effect.

It was **NOTED** that:

1. Rob Brighouse was retiring as a non-executive director of the Company, effective 31 July 2024.
2. Mike Putnam was to step into the role of senior independent non-executive director of the Board.
3. David Noyes had stepped down as the chair of the Nomination & Remuneration Committee, and Ismail Amla had been appointed as chair.

24/088 **Company Secretary's Report**

The Board considered paper 53/24.

There being no further questions, the Board:

1. **APPROVED** the proposed change to the Network Rail Infrastructure Limited Power of Attorney to authorise appointed attorneys to sign Powers of Attorney required in jurisdictions in which the document was not required to be executed as a deed.
2. **APPROVED** the appointment of Louise Kavanagh as a Director of Network Rail (High Speed) Board, effective 12 July 2024.
3. **APPROVED** the appointment of Rachel Maguire as a Director of Network Rail International Board, effective 1 July 2024.
4. **APPROVED** the appointment of Rachel Maguire as a Director of Network Rail Development Board, effective 1 July 2024.
5. **APPROVED** the appointment of Rachel Maguire as a Director of any direct subsidiaries of NRI and NRD, where required.
6. **RATIFIED** the use of the Company seal.
7. **NOTED** the resignation of Andrew Noble as a Director of Network Rail International Board, Network Rail Development Board and its direct subsidiaries.
8. **NOTED** the upcoming resignation of Peter Austin, as a Director of Network Rail (High Speed) Board, effective 12 July 2024

24/089 **Modern Slavery Statement 2023/24**

The Board considered paper 54/24 which requested approval of the Company's annual Modern Slavery Statement. The Board NOTED the supplemental paper RR07 in the Reading Room.

The Board reviewed the statement. There being no further questions the Board:

1. **APPROVED** the Modern Slavery Statement 2023/24 and
2. **AUTHORISED** the Chair to sign the statement on behalf of the Company, and for the statement to be published on the Company's website.

24/090 **Prosecution Report**

The Board considered and **NOTED** the contents of paper 55/24.

24/091 **Overview of Claims Against Network Rail**

Clive Berrington joined the meeting

The Board considered and **NOTED** the contents of paper 56/024.

Clive Berrington left the meeting

24/092 **Draft Board Agenda**

The Board reviewed and **NOTED** the draft agenda for the next meeting to be held on 26 September 2024, in Ashford, Kent, hosted by Southern Region.

24/093 **Dates of Future Meetings**

The Board **NOTED** the future meeting dates for the remainder of the 2024 calendar year. The next Board meeting would be preceded by an optional visit to a pilot biodiversity site.

24/094 **Any other business**

At the request of the Chair, the new non-executive directors shared their observations on the meeting and gave feedback on the business of the meeting, which were well received.

The Chair extended his heartfelt gratitude to Rob Brighouse for his contribution to the Board and his fantastic leadership as senior independent director, over the years.

The Chair noted it was Louise Kavanagh's last Board meeting and thanked her for her service.

Date of next scheduled meeting: **26 September 2024, in Ashford, Kent**

…………………………………….. Chair