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Minutes of a Meeting of the Board
held on Thursday 26 September 2024
Network Rail, Ashford Maintenance Unit, Old Railway Works, Newton Road, Ashford, TN24 0PU

Present	Mike Putnam (Acting Chair) Ismail Amla Mark Bayley Stephen Duckworth Stuart Harvey Andrew Haines	David Noyes Dyan Perry Fiona Ross Stephen Scrimshaw Jeremy Westlake
In attendance	Carolyn Battersby (as an observer) Susan Beadles, [redacted]* David Leam, [redacted] (Minutes 24/90 to Minute 109) Emma Knight, [redacted] (Minute 24/90 to Minute 109) Julie Pharaoh, [redacted]	
	Richard Sheath – Independent Audit (Minute 24/089) Luke Cargan - Independent Audit (Minute 24/089) Michael Clark (Minute 24/95)* Ellie Burrows (Minute 24/97) Paul Marshall (Minute 24/96)* Rob McIntosh (Minute 24/98)* Gordon Kells (Minute 24/98)*	Anit Chandarana (Minute 24/99 and 24/100)* Chris Rowley (Minute 24/99) Dave Harding (Minute 24/100) Martin Prior (Minute 24/100)
	* Via Teams	
Apologies		

No.	Item	Actions
24/89	**<u>Network Rail Board Only Effectiveness Review 2024 – by Independent Audit</u>** *Luke Cargan and Richard Sheath joined the meeting* The Acting Chair welcomed Richard Sheath and Luke Cargan of Independent Audit, who were commended for their well-written and helpful report. Having discussed the report and the recommendations made by Independent Audit, the Acting Chair invited Board members to form a sub-group to consider the recommendations and propose actions for consideration by the Board. Membership of the sub-group was to include principal Committee Chairs and new non-executive directors. David Noyes agreed to chair the sub-group and select the members. The Group General Counsel & Company Secretary and the Chief of Staff would support the sub-group. *Jeremy Westlake joined the meeting, Richard Sheath and Luke Cargan left the meeting.*	
24/90	**<u>Chair's opening remarks</u>** The Acting Chair welcomed everyone to the meeting and noted the changes to the Board since the previous meeting. Changes noted included the resignation of Peter, Lord Hendy of Richmond Hill as a non-executive director and as the Chair. The Acting Chair welcomed Emma Knight. The meeting was declared as quorate. Susan Beadles, Katherine Oredugba and Laurie Southwell were thanked for their time and the support provided for the Board Effectiveness Review. The Board reflected on: • The discussions at the Board dinner held the previous evening, attended by Peter, Lord Hendy of Richmond Hill, and Ellie Burrows, Regional Managing Director for Southern;	

	• Developments with the new government, including the appointment of Louise Haigh as Secretary of State for Transport, the proposal to create a new body (NISTA) by merging the IPA and NIC; and the launch of a government spending review, with the result to be bought to the Board, when available; • As part of the recent Labour Party Conference the future of the rail industry was discussed, with no further information available to report to the Board, at present; and • An update on Scottish Government Network Rail related items was provided by Fiona Ross.	
24/91	**Minutes of previous meeting** The minutes of the Board meeting held on 4 July 2024 were approved.	Co Sec
	Action Schedule The Board reviewed the action schedule. **Action** — **Response** Action response 24/038 — A verbal update was provided, with meetings currently being scheduled for the new non-executive directors. Action closed. Action response 24/060/1 — Action closed. Action response 24/060.3 — Action closed. Action response 24/079 — Action closed. Action response 24/080.2 — Action closed. **NR Board Strategy Day – Action Schedule** Action response 24.05 — The response to this action would be taken to the SHEC Committee. Action response 24/07 — A benefit-based app had been produced and presented to the ESC, in response to assist with the planning process for the medium to long term on asset safety, in response to climate change. Action responses 24/074 and 24/077 were noted as closed. **Directors' interests** No new interests were declared.	
24/92	**Board Report** The comprehensive Board report was reviewed. The Board focused its discussion on the following: 1. **Cyber-Security** - The Board discussed recent cybersecurity incidents which had affected Crowdstrike and TfL. While these had not affected NR directly, key learnings had been captured. The Board were also informed of how the previous evening NR's public WiFi service at major stations had been hacked. The service had been turned off swiftly, with negligible impact on the public and no impact on wider systems. [redacted] 2. **ORR Enforcement Action – Wales & Western** - The ORR had confirmed that they were satisfied that Network Rail has complied with the final order in relation to the improvement plan and that Network Rail was not required to pay the £3m fine. Lessons learnt were being shared with other Regions. 3. **Prosecutions** - The positions of Network Rail and the ORR (as prosecutor) on Margam and the upcoming first hearing date for Surbiton on 17 October 2024. [redacted] 5. **Oxford** - on the re-planning of the Oxford Phase 2 project, because of the need to divert and lower Thames Water assets. [redacted]	

	7. **Other Matters Discussed** - The Board noted updates on the ELT personnel news, and the pay talks. **Chief Financial Officer Report** • **Financial Performance** The Board was informed that train performance was the main cause of an adverse FPM. The Board discussed the spending review. [redacted] [redacted] There being no further questions, the rest of the paper was taken as read and NOTED.	
24/92.1	**Maintenance Efficiencies Report** The Board considered the contents of the CFO Board Report – Maintenance Efficiencies Update. The paper was taken as read and NOTED.	
24/92.2	**Rail Investment & Delivery Consolidated Board Report** The Board considered the contents of the Rail Investment & Delivery Consolidated Board Report, which covered period 5 – August 2024. The paper was taken as read and NOTED.	
24/93	**Rail Reform** *Michael Clark joined the meeting* A verbal update on the new government's plans and what it might mean for Network Rail and GBR was provided. Progress towards reforming the industry was likely to take place in roughly three nine-month tranches, with stage 1, consultation on the draft legislation to reform the industry, expected to be by late June 2025, stage 2, being the progression of the draft Bill through Parliament and stage 3, the mobilisation phase, expected to complete by April 2027. The Board discussed policy decisions on the oversight of GBR and arrangements for managing access, and how the 'partners' in Shadow GBR would work collaboratively and make improvements without diluting individual accountabilities. The Board reflected on the direction of travel in the plans for rail reform and its role in preparing Network Rail for GBR. The Board determined that rail reform would be a regular item to the agenda and allotted one hour for the discussion. There being no further questions, the update was NOTED. *Michael Clark left the meeting*	Gov-Sec
24/94	**Overview of RF03 Business Planning Round** *Paul Marshall joined the meeting* The Board considered paper 58/24 which provided an updated forecast for RF03. The Board noted the forecast remained broadly consistent with the control period delivery plan. The Board recognised the progress made in the reduction of the control period funding overlay and noted that the ORR had identified this as an emerging issue as part of the regulatory escalator process. There being no further questions, the rest of the paper was taken as read and NOTED. *Paul Marshall left the meeting*	
24/95	**Region Update - Southern** *Ellie Burrows joined the meeting* The Board considered paper 59/24 which provided an overview of the Region since the last presentation to the Board in October 2023.	

	The Board's attention was drawn to the following matters: **Scorecard** • A positive performance was reported by the region. • The launch of Southern Renewals Enterprise (**SRE**) in April 2024 was noted as a key milestone delivered by the region. **Safety** • [redacted] • There was a focus on safe working practices, which specifically targeted cultural buy-in and compliance with safe working practices and policies that deliver front line engagement. **People** • There were a number of maintenance vacancies that remained to be filled by the region, so the focus was on filling the maintenance vacancy gap and skilling new hires, with a targeted decrease of 5%, to be completed by 30 November 2024. • The Culture Programme was highlighted as being the driving force to ensure that the region can achieve its people ambitions. Amongst other things the Board discussed how improved train performance could be delivered with driver shortages, methods to improve the diversity of the workforce in challenging areas such as maintenance and better data provided by joint P&L revenue reporting with TOC's supported better decisions being taken. The Board considered methods used to eliminate the risks posed by sleep deprivation within the workforce and how the safety framework was reinforced by regular safety exercises that practiced such events. Further discussion included the development of GBR and its interaction with the route management process, and a lengthy discussion on the performance of asset management and performance related issues. There being no further questions, the rest of the paper was taken as read and NOTED. *Ellie Burrows left the meeting*	
24/96	**<u>TransPennine Route Upgrade – Quarterly Update</u>** *Rob McIntosh and Gordon Kells joined the meeting* The Board considered paper 60/24 which provided an update on the programme to upgrade the railway between Manchester, York, and Leeds. The Board complimented the authors on a well-written paper. Key points noted included: • In light of personnel changes, the programme remained focussed on strong effective senior leadership, while maintaining continuity of the wider leadership team during this transition period. • The focus was on delivery of the project, with completion of EIS G, to enter into service G in 2025, providing functionality at Huddersfield Station to all the continuation of passenger services while the W34 Ravensthorpe to Huddersfield project is completed. • In line with Baseline 2.1 the new delivery schedule integrates TRU projects to deliver a conventional signalled railway output whilst development is continued on the ETCS solution, for rollout of a fully digitally enabled railway. • Following an assessment of both Alliances as part of the contract negotiations a review of the Programme layer of the Enterprise Operating Model by Deloitte has identified improvement areas, which are being addressed. The Board discussed leadership changes and the on-going relationship with the TOC's, reporting a collaborative response between all parties. Reference to funding restraints was noted and how this may result in programme deferrals, however the issue was being actively dealt with through the appropriate channels. Consequent impacted Baseline 2.1 projects would then benefit from stakeholder input. Mitigating actions to deal with the issues included on-going and active communications with local stakeholders at a monthly meeting, which included risk management and mitigation of the same issues. In respect of the delivery of the train control contracts this was in the process of being delivered and learnings were to be shared with the wider NR organisation, when available.	

	There being no further questions, the rest of the paper was taken as read and NOTED. *Rob McIntosh and Gordon Kells left the meeting*	
24/97	**<u>December 2024 and ECML Timetable Change Update</u>** *Chris Rowley and Anit Chandarana joined the meeting* The Board considered paper 61/24 which provided an update on the December 2024 timetable and ECML timetable changes. The Board were updated on the key points including; **The December 2024 Timetable Change** • The early release of the December 2024 timetable to passengers with the Christmas and New Year amended timetable available to passengers at the earliest point (12 weeks out) since 2019. **The East Coast Main Line (ECML) December 2025 Timetable Change** • An update resolution to the reliability issues caused by the timetable changes in the Manchester area. • An assessment of the performance impact of the introduction of additional ECML services, plus the additional services introduced to the north to gain Northern stakeholder support. • An update on the limited scope the timetable offers for freight growth. Amongst other things the Board discussed the potential for NR to prioritise improved reliability outcomes for passengers through timetable changes. It was noted NR's present co-ordinating (non-determinant) role was dependent upon other industry parties and the present Network Code, and this limited opportunities to drive change. Rail reform offered opportunities to optimise collaboration to investigate cost and resource options on the TOC side, as well as the timetable side, to deliver more optimal overall operational plans. On the ECML specifically, the new control systems in the Peterborough area were discussed, and it was noted that solutions were under investigation and a performance trade off may have been accepted. There being no further question, the paper was taken as read and NOTED. *Chris Rowley left the meeting*	
24/98	**<u>Passenger Demand and Revenue Recovery</u>** *Dave Harding and Martin Prior joined the meeting* The Board considered paper 62/24, which outlined the ongoing collaborative efforts with industry partners in monitoring and forecasting rail demand. This work has a significant impact on the sustainability of the industry, the need for and the case for future investment and the overall economics of the railway. The Board also noted the supplemental paper to Paper 62/24 available in the Reading Room, referenced as RR01 It was noted that current period revenue showed continued recovery from the pandemic, particularly in the commute and business markets. Emerging evidence demonstrated the bulk of traffic was driven by employees returning to the office. The Board noted the emerging results for Period 7, which covered the period from the end of the Summer holidays was likely to exceed forecasts. It was noted that the possible impact of the resolution of strike action had been factored into the forecast. The Board discussed the outlook for the remainder of 2024/25. Although revenue had been in a strong position up to the current year period, economic forecasts for Q3 and Q4 were reported	

	as being in a relatively weaker position, which could in turn feed through into lower growth revenue. There being no further questions, the rest of the paper was taken as read and NOTED. *Dave Harding, Martin Prior and Anit Chandarana left the meeting*	
24/99	**<u>Regulatory Financial Statements 2023/2024</u>** The Board considered paper 63/24 which provided an overview of the NR Regulatory Financial Statement ('**RFS**') for the year ended 31 March 2024 and the Statement of Sufficiency of Resources (the '**SSR**') for NRIL. Following due consideration by the Board: 1. The Board **APPROVED** the RFS; 2. The Board **APPROVED** the SSR; and 3. The Board **APPROVED** the formation of a sub-committee of two Board members to sign the RFS. There being no further questions, the rest of the paper was taken as read and NOTED.	
24/100	**<u>Network Rail Limited – Tax Strategy FY 2024/25</u>** The Board considered paper 64/24, which sought Board approval of Network Rail's Tax Strategy prior to publication online. The Board considered the supplemental paper to papers 64/24 in the Reading Room, referenced as RR02. Following consideration by the Board: 1. The Board **APPROVED** the Network Rail Group Tax Strategy, as recommended by the Treasury Committee at its meeting on 20 June 2024. There being no further questions, the rest of the paper was taken as read and NOTED.	
[redacted]	[redacted]	
24/102	**<u>Committee Updates</u>** The Board **NOTED** the contents of paper 68/24 which provided an update on the 20 June 2024 meeting of its Treasury Committee. The paper was taken as read.	
	The Board **NOTED** the contents of paper 69/24 which provided an update on the 20 June 2024 meeting of its Audit and Risk Committee (**ARC**). The paper was taken as read.	

	The Board **NOTED** the contents of paper 70/24 which provided an update on the 12 September 2024 meeting of its Audit and Risk Committee. Key points included a deep dive into the Wales and Western region and its strategic priorities. A review of the cyber-security landscape highlighted the need for continued vigilance, with continued focus on response and recovery programmes, in addition to legacy issues. A strategic update was provided on the risk appetite landscape. The Board considered the supplemental papers to paper 70/24 in the Reading Room, referenced as RR03, RR04 and RR05. Following recommendation from the Audit & Risk Committee and after due consideration by the Board: 1. The Board **APPROVED** the updated Counter-Fraud Policy, and Strategy and Fraud Action Plan. There being no further questions, the rest of the papers were taken as read and NOTED.	
	The Board considered the contents of paper 71/24 which provided an update on the 10 July 2024 meeting of its Property and Supervisory Committee. There being no further questions, the rest of the report was taken as read and NOTED.	
	A verbal update was provided on the 18 September 2024 Property and Supervisory Committee. There being no further questions, the update was NOTED.	
	The Board considered the contents of paper 72/24 which provided an update on the 4 September 2024 meeting of its Safety, Health, and Environmental Compliance Committee. A verbal update was noted on the meeting highlights. There being no further questions, the rest of the report was taken as read and NOTED.	
	A verbal update was provided on the 23 September 2024 Environmental and Sustainability Committee. There being no further questions, the update was NOTED.	
24/103	**<u>Company Secretary's Report</u>** The Board considered the contents of paper 73/24 which provided an update from the Company Secretariat. Following due consideration, the Board: 1. **APPROVED** the appointment of Mimi Ajibadé and Julie Pharaoh as directors of NR Corporate Secretary Limited, with effect from 30 September 2024; 2. **APPROVED** the appointment of Mimi Ajibadé as a director of the following non-trading and dormant companies, with effect from 30 September 2024:- • Great British Railways Limited; • Network Rail (Spacia) Limited; • Network Rail (Stations) Limited; • Network Rail MTN Finance Limited; • Network Rail One Limited; • Railway Property Limited; • Railway Safety; • Railway Safety and Standards; • Spacia (2002) Limited; and • Victoria Place Shopping Centre Limited. 3. **RATIFIED** the signing of identified documents, signed by the Group General Counsel & Company Secretary on behalf of NRL and NRIL pursuant to authority delegated under the Delegation of Authority Policy or the NRIL Power of Attorney. 4. **NOTED** the changes to the Power of Attorney, being effective from 28 August 2024. 5. **RATIFIED** the use of the Company seal. There being no further questions, the rest of the report was taken as read and NOTED.	
24/104	**<u>Prosecution Report</u>** The Board considered the contents of paper 72/24. There being no further questions, the report was taken as read and NOTED.	

24/105	**Draft Board Agenda** The Board reviewed the draft agenda for the next meeting to be held on 24 October 2024, in Swindon, hosted by Wales and Western region. Everyone Belongs – CP7: EDI Strategy was considered at the meeting on 4 July 2024. The Board requested an update to be provided and the minutes to record that it was due to appear as an agenda item on the 26 September 2024 Board meeting. **Action:** Rail Reform to have one hour allotted on the agenda for the October 2024 meeting, to be reviewed at the meeting for inclusion on future agendas.	Gov Sec
24/106	**Dates of Future Meetings** The Board reviewed the future meeting dates for the 2024 calendar year.	
24/107	**Any other business** The Chair and the General Counsel & Company Secretary noted the decision by the Board to postpone the planned strategy day on 31 October 2024 to the first quarter of 2025. There being no other business, the meeting was concluded.	
Date of next scheduled meeting: **24 October 2024, Western House, 1 Holbrook Way, Swindon**		
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