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Minutes of a Meeting of the Board
held on Thursday 5 December 2024
Network Rail, Level 2 Boardroom, Waterloo General Office, London, SE1 8SW

Present	Mike Putnam (Acting Chair) Ismail Amla Carolyn Battersby Mark Bayley Stephen Duckworth Andrew Haines	Stuart Harvey David Noyes Fiona Ross Stephen Scrimshaw Jeremy Westlake
In attendance	Susan Beadles, [redacted] David Leam, [redacted] Emma Knight, [redacted] Julie Pharaoh, [redacted]	
	Paul Marshall (Minute 24/129 & 24/135) Ben Edwards (Minute 24/131) Michael Clark (Minute 24/132) Martin Frobisher (Minute 24/133) * Via video conference	Helena Ellix Alex Richards (Minute 24/134) Paul McKeown (Minute 24/136)* Jane Newbury (Minute 24/136)
Apologies	Dyan Perry	

No.	Item	Actions
24/124	**<u>Chair's opening remarks</u>** The Acting Chair welcomed everyone to the meeting. The meeting was declared quorate. Carolyn Battersby confirmed that she had now been formally appointed by Department for Transport and the Acting Chair welcomed her as a member of the Board. The Board reflected on: • The appointment of Heidi Alexander as the new Secretary of State for Transport. • The Chair's Letter not having been issued by the Department for Transport (DfT) before the resignation of the former Secretary of State. • The stakeholder engagement meeting had been held with the ORR. • The opportunity for the Board to participate in the 2025 MHCHG apprenticeship programme. • The DfT non-executive director event, summarised by Stephen Scrimshaw. • An update on the Scottish Government provided by Fiona Ross. • The Chair noted apologies from Dyan Perry, who had provided him with some comments on the Board pack.	
24/125	**<u>Minutes of previous meeting</u>** The minutes of the Board meeting held on 24 October 2024 were approved.	
	<u>Action Schedule</u> The Board reviewed the action schedule and agreed: **Action** — **Response** Action 24/116.1 — Closed Action 24/080.1 — Closed Action 24/005 — David Leam to confirm whether this action is closed before the next Board meeting. **<u>Directors' interests</u>** No new directors' interests were declared.	David Leam

24/126	**Board Report**
	The comprehensive Board report was reviewed. The Board focussed its discussion on the following matters:
	
	- Update on Management Pay Negotiations: The Board discussed and noted the update.
	- Eastern ORR Investigation: The Board noted and discussed potential learnings from the investigation.
	- Cyber Security: The Board was reminded that a broader cyber security briefing was being arranged for Audit & Risk Committee members, to which all Board members would be invited, and that the Committee would be reporting to the Board following its review of the National Security Checklist for Board.
	
	- Other matters discussed:
	  - The Government announcement on 4 December 2024 that services currently operated by South Western Railway and c2c will be the first to transfer into public ownership when their national rail contracts expire in May and July respectively, with Greater Anglia services transferring in autumn 2025.
	  - Oxford, Botley Road Works: The update on the meeting with the contractor, the anticipated programme for completing the works and the need to meet with the City Council to consider the impact of all works planned in the vicinity.
	  - An update on Christmas rail works and concerns about train cancellations due to insufficient TOC train crews was provided. The actions taken to resolve the delivery risk areas were noted.
	  - The number of incidences of trespass had not changed from 2023 to 2024, but the disruption and delay caused to recover the services has increased. Further investigation as to the causes of this was underway, but the disruption and delay are partly explained by changed management of incidents by the BTP. Andrew Haines has written to the Chief Constable and some practical steps have been agreed for responding to incidents.
	  - The reasons behind the differing practices between the regions in relation to modernising maintenance.
	  - RAIB safety advice provided in respect of the freight train derailment on a bridge in Audenshaw, Manchester. Progress on inspections would be tracked by the Executive through the SHEP report.
	
	Chief Financial Officer Report
	
	- Financial Performance: The Board was updated on the following matters:
	  - Scorecard performance, which was broadly flat.
	  - The financial impact of the increase in National Insurance contributions.
	  - The Government's position on enhancement projects and the scale of the gap in the available funding for enhancement projects.
	  - Resolution of the overlay which would continue with the ORR in early 2025. Jeremy Westlake would be attending the ORR Board in January.
	
	- Corporate Finance and project development:
	- An update was provided on Project Reach.
	- Advertising Screens
	  - The Board was updated on the challenge brought by the Valuation Office (supported by Westminster City Council and the City of London Corporation) on the treatment for rating purposes of advertising screens in Liverpool Street and Victoria stations. Leave to appeal to the Court of Appeal had been sought.
	
	There being no further questions, the rest of the paper was taken as read and NOTED.	

24/127	**CFO Board Report - Efficiencies Update** The Board considered the contents of the efficiencies update. The paper was taken as read and NOTED.	
24/128	**Rail Investment & Delivery Consolidated Board Report**	

	The Board considered the Rail Investment & Delivery Consolidated Board report covering period 8 – November 2024. The paper was taken as read and NOTED.	
24/129	**<u>Overview of RF06 Business Planning round</u>** *Paul Marshall joined the meeting* The Board considered paper 83/24 which provided an updated forecast for RF03. The Board noted the forecast remained broadly aligned with the funding for the five-year delivery plan. The Board considered the position in relation to the cost of renewals projects which were costing the company more to undertake than had been estimated. The Board noted that some renewals projects were being re-planned, with work being removed or re-phased but this is a small percentage of the overall work bank. The Board was reminded that the delivery plans approved by the ORR had been prepared on the basis that the average life of assets would increase over the Control Period, with a very marginal consequent adverse impact on asset performance. The Board discussed whether a reduction in renewals would have an adverse impact on the safety of the assets. The Board was assured that safety would not be compromised. The Board noted: • A mid-case plan, with no risk funding on top of the overlay and funding for inflation meant that delivery plans were not fully funded. • The RF9 update was being prepared. There being no further questions, the rest of the paper was taken as read and NOTED. *Paul Marshall left the meeting*	
24/130	**<u>Network Rail Board Effectiveness Review</u>** The Board considered the note included in the meeting pack, prepared by David Noyes on the reflections of the Sub-Committee appointed by the Board to consider the recommendations from the Board Effectiveness Review. The Board Effectiveness Review Sub-Committee were thanked for their participation and input. The Board noted the following proposals: 1. Board meetings would start at 9.00 am. 2. An hour should be allocated to the Board report on the agenda and the CEO report would sometimes include a section on benchmarking across the regions, consistent with business reporting. 3. Rail reform would normally be given a 45-minute Agenda slot. 4. Agenda items would focus on performance against key strategic themes, to promote discussions with the Executive on underlying drivers on a network basis, with benchmarking across regions where meaningful comparisons could be drawn. 5. To operate a consent agenda for routine matters, with Board members sending any questions on consent agenda items to the Acting Chair and the Company Secretary no later than 24 hours before each meeting. 6. People related matters would be considered on Board Strategy days to provide time for in-depth discussion and consideration. 7. One of the two strategy days would be a joint session with the Executive and the Board in attendance. 8. The structure of the agenda would allow flexibility as to matters to be considered during the afternoons. The Board concluded that:	

9. An overview of leadership teams would be considered at the People strategy days. This would include the effectiveness of leadership around multiple programmes and stakeholder management.
10. An enhanced focus on the review of the capital delivery projects/ programmes and asset management was required.
11. CFO financial reports needed to be tailored to board (rather than ELT) matters.
12. The CFO report would include a section on of the performance of the commercial retail estate.
13. Non-executive directors would continue to be invited to quarterly business reviews.

[redacted]

Action: The CFO financial report is reviewed and restructured, and proposed changes provided to the Board for consideration at the January meeting. JW

Action: Guidance on the minimum matters to be covered in annual regional reports to be circulated. DN

There being no further questions the rest of the paper was taken as read and NOTED.

24/131 **<u>Annual Risk Update</u>**

Ben Edwards joined the meeting

The Board considered paper 84/24 which provided the annual risk update.

The Board noted the following matters in relation to the risk landscape:

- The impact of the new Government, geopolitical events, and technological developments including the ever-increasing impact of social media and artificial intelligence - the latter presenting both opportunity and threat.
- That a transitional risk in relation to the development of shadow GBR was not currently shown on the principal risk register but would be developed in 2025 and reviewed by the Audit & Risk Committee.
- That following the Board horizon scanning workshop in June, 21 high-level risks had been identified, with action taken to monitor those risks, supported by a six-monthly horizon scanning review within the business.
- The impact of provision 29 in the UK Corporate Governance Code 2024. The Board noted the proactive approach taken to enact the requirements of the provision to make an annual declaration of the effectiveness of the material controls against its principal risks as at the Balance Sheet date, to be included in the NR 2026 – 27 Annual Report and Accounts.
- The Board discussed supply chain risk and the importance of managing critical resources and strategic suppliers; risk scoring, where scores had been updated during the year to reflect worst credible outcome using a revised scoring matrix; and risk appetite, where it was noted nine risks were shown as outside of appetite, although some due to external factors outside of NR control - the risk appetite methodology was being updated to better reflect this distinction.
- Ben Edwards to follow up with details of how exposure to critical skills in the supply chain are managed, for example, those who can programme in COBOL for mainframe computers.

Following due consideration, the Board APPROVED the Annual Risk Update report.

There being no further questions the rest of the paper was taken as read and NOTED.

Ben Edwards left the meeting

24/132 **<u>Rail Reform – Shadow Great British Railways</u>**

	Michael Clark joined the meeting The Board considered paper 85/24 which provided an update on rail reform and the activities of shadow GBR, which it was noted had been written before the change in the Secretary of State for Transport. The Board considered the following matters: • The update on the Passenger Railway Services (Public Ownership) Act 2024. • The Government's announcement on 4 December 2024, discussed earlier in the meeting. • The update on the progress of consultation on the Railways Bill. • The former Secretary of State's decision not to proceed with a Shadow GBR delivery unit and Laura Shoaf's letter in response. • Integration activities in Kent and Anglia routes, learnings from which will be used in GBR design. • Whether the delivery plan included any initiatives that used information technology to help SGBR understand the passenger experience. • The draw on Andrew Haines' time in relation to SGBR activities, which was considered currently to be manageable but would need to be reviewed if a delivery unit is not put in place. • The proposal for the Board to consider appointing a sub-committee of its members to consider the detail of rail reform and SGBR activities. There being no further questions, the rest of the paper was taken and NOTED. *Michael Clark left the meeting*	
24/133	**<u>Function Update</u>** *Martin Frobisher joined the meeting* The Board considered paper 86/24 which provided an overview of the Technical Authority. Martin Frobisher highlighted the following matters: • The relationship with the ORR, which remains professional overall. There were differences of opinion of some significant issues. Examples included cost as a factor in making safety decisions, as is used in the PRIMA tool, and the ORR's approach to system risk. • The focus on investment in new technology to improve efficiencies in maintenance and renewals. • That inspections and examinations are the primary risk control for structure and earthworks failures, and the nationwide plan developed to address structures examination and earthworks inspection non-compliances. • Occupational health was now operated internally within Network Rail. A structured improvement plan had been developed and was being implemented to address some significant challenges. The Board discussed the following matters: • The support given through seed funding for new innovations developed by startup companies. The product approval process was being reviewed to support the products being used by Network Rail. How routes and regions were involved in the identification of technological solutions and their design and implementation. • That any deterioration in train accident risk caused by earthwork failures was entirely weather related, noting that the company has much better weather information now than in the past which had led to improved weather forecasting, faster notification of conditions to train drivers, and improvement in safety risk. Work had progressed on the improvements proposed in the report by Lord Robert Mair. • The relationship with lineside neighbours in relation to water management and biodiversity; • How the circular economy had saved 1mn tonnes of ballast, which had been driven by Route Services, working with the regions. • That GBR would need a Technical Authority to set standards and support engineering leadership across the industry. The role of the RSSB would need to be considered. • Matters on which the Environment & Sustainability Committee would focus in the future, such as zero carbon and air quality in stations.	

	The Board commended the work conducted though project Felix. There being no further questions, the rest of the paper was taken as read and NOTED. *Martin Frobisher left the meeting*	
24/134	**<u>CanDo Stop Start Continue Challenge pledges – “You Said, I Listened”</u>** *Alex Richards joined the meeting* The Board considered paper 87/24 which provided an overview of the progress made on the CanDo employee network Stop Start Continue Challenge and update on the CanDo 10-year anniversary conference. The conference had been a hybrid event and had created space to empower members and enable their voices to be heard as part of CanDo Stop Start Continue Challenge. The Network Rail executive and senior leadership teams were encouraged to make pledges throughout Disability History Month and #Postively Purple day to commit to the challenge of creating an environment for disabled talent to thrive within Network Rail, encapsulating Network Rail’s EDI Everyone Belongs strategy and vision for a simpler, better railway. Positive feedback had been received from attendees, and they had been given an opportunity for members to share their experience with other attendees. The Board was asked to support and drive through the commitment of the pledges. Learnings from other organisations were taken on board by Network Rail. For example, there had been a significant focus on the policy for workplace adjustments for disabled colleagues, which had been revised and a new adjustments team appointed. It was expected that this would resolve historic and current issues. The Board noted that line managers would receive training on applying reasonable adjustments to enable them to take a pragmatic approach in respect of individual cases. There being no further questions, the rest of the paper was taken as read and NOTED. *Alex Richards left the meeting*	
24/135	**<u>NRL Interim Accounts for the six months ended 30 September 2024</u>** *Paul Marshall joined the meeting* The Board reviewed paper 88/24 which presented Network Rail Limited’s interim Financial Statements for the six months ended 30 September 2024. The paper highlighted the key variances and judgements affecting the results during the period. The interim Financial Statements had been previously reviewed by the Audit & Risk Committee and were recommended to the Board for their approval. The National Audit Office had also reviewed the interim Financial Statements and considered them to state fairly the Company’s results for the period and the company’s financial position on 30 September 2024. Following the Boards due consideration: 1. the interim Financial Statements for the six months ended 30 September 2024, and associated documents were **APPROVED**; and 2. the Board **AUTHORISED** Andrew Haines to sign the interim Financial Statements and the associated Representation Letter, for submission to the auditors forthwith. *Paul Marshall left the meeting*	
[redacted]		

[redacted]		
24/137	<u>**Committee Updates**</u> The Board **NOTED** the contents of paper 90/24 which provided an update on the 13 November 2024 meeting of its Property Supervisory Committee. The paper was taken as read. [redacted] There being no further questions, the update was NOTED.	
	The Board **NOTED** the contents of paper 91/24 which provided an update on the 19 November 2024 meeting of its Audit and Risk Committee. The Committee had considered and recommended to the Board: 1. the Annual Review of Risk Update paper be **APPROVED**: and 2. the Interim Financial Statements for Network Rail Limited for the six months ended 30 September 2024 and the corresponding Letter of Representation be **APPROVED**. There being no further questions, the paper was taken as read.	
	The Board **NOTED** the contents of paper 92/24 which provided an update on the 19 November 2024 meeting of its Treasury Committee. The paper was taken as read	
	The Board **NOTED** the contents of paper 93/24 which provided an update on the 20 November 2024 meeting of its Safety Health and Environmental Compliance (SHEC) Committee. The paper was taken as read.	
	A verbal update was provided on the 25 November 2024 Environmental and Sustainability Committee. The Board noted that updates were provided on the decarbonisation and circular economy and the connected Network Rail recycling plan, particularly noting the traction gained from the alternative sources of energy being utilised to run the train network. Investigation and testing continued on the possibility of running battery powered trains which recharged whilst using the electrified tracks. There being no further questions, the update was NOTED.	
	A verbal update was provided on the 29 November 2024 Nominations and Remunerations Committee. Stuart Harvey and Carolyn Battersby were noted as new members of the Committee, and Mike Putnam was noted as a temporary member whilst in the Acting Chair role. The Committee had discussed: • The 2026 scorecard proposals, to include three changes, notably the inclusion of passenger cancellation, customer expectation surveys and regional score cards. • The pension fund position was noted to be robust, with the position to be reviewed in March 2025. The fund would be consolidated into GBR, when appropriate. • The talent and succession plan to promote opportunities at regional level to grow into national roles and the mapping of the roles across the sector was in progress. The future GBR position being designed into current role mapping and aligned with the DfT principles.	

	• The future workplan would include succession, retention and to monitor GBR related issues. It was recommended that the proposals for the appointments of Philip Lewis and Nicola McNish as property non-executive directors of the Property Supervisory Committee be extended to 30 June 2025 at the recommendation of the Nomination and Remuneration Committee. Following due consideration the Board **APPROVED** the extension of the appointments of Philip Lewis and Nicola McNish (aka Sally Jones) as property non-executive directors, until 30 June 2025. The Nomination and Remuneration Committee had considered the appointment of Andrew Haines (AH) as a Member of the Council for Cranfield University. It had expressed confidence in AH's ability to manage his time and commitments effectively, and therefore that the appointment would not detract from his time spent on duties and responsibilities to Network Rail. Following due consideration, the Committee **APPROVED** the appointment and the Board NOTED that this was in line with what had been agreed with the Secretary of State for Transport. There being no further questions, the update was NOTED.	
24/138	**<u>Company Secretary's Report</u>** The Board considered the contents of paper 94/24. Following due consideration, the Board: 1. **AUTHORISED** the Governance & Secretariat team to file Confirmation Statements for Network Rail Limited and Network Rail Infrastructure Limited which included a new statement asking for confirmation that each company's intended future activities were lawful. 2. **RATIFIED** the use of the Company seal. The rest of the paper was taken as read and NOTED.	
24/139	**<u>Prosecution Report</u>** The Board considered and noted the contents of paper 95/24.	
24/140	**<u>Draft Board Agenda</u>** The Board reviewed the draft agenda for the next meeting to be held on 16 January 2025. It was agreed that the Board Effectiveness Review be removed from the agenda. **Action:** To produce the final agenda for the January 2025 Board Strategy day.	PH
24/141	**<u>Dates of Future Meetings</u>** The Board noted that there were no further meetings for 2024 and the Board reviewed the future meeting dates for the 2025 calendar year.	
24/142	**<u>Any other business</u>** The Chair thanked Emma Knight for her support and noted that this was her last meeting. The Board noted as a potential future agenda item, to discuss how the Board engaged with Network Rail employees. There being no other business the meeting was closed.	
Date of next scheduled meeting: **16 January 2025, at rooms Q01/Q02, Network Rail, the Quadrant, Milton Keynes, MK9 1EN**		
	…………………………………….. Chair	