

Official-sensitive		
Minutes of a meeting of the Board held on Thursday 20 January 2022 via Teams		
Present	Sir Peter Hendy (Chair) Ismail Amla Mark Bayley Rob Brighouse Stephen Duckworth Andrew Haines	Michael Harrison Silla Maizey David Noyes Mike Putnam Fiona Ross Jeremy Westlake
In attendance	Stuart Kelly, Group General Counsel & Company Secretary Helen Martin, Senior Assistant Company Secretary Caroline Murdoch, Director, Corporate Communications Matt Woodhouse, Executive Corporate Affairs Manager Paul Marshall (min 22/06) Martin Frobisher (mins 22/08 & 22/09 & 22/10) Martin Jones (min 22/08) Jo Lewington (mins 22/08 & 22/09 & 22/10) Nick Millington (min 22/09) George Davies, RSSB (min 22/10) Pauline Holroyd (min 22/11) Tim Shoveller (min 22/11) Suzanne Donnelly (min 22/12) Dave Harding (min 22/12) Jake Kelly (mins 22/12 & 22/13) Helen McAllister (min 22/13) Richard Moody (min 22/13) Rob McIntosh (mins 22/14 & min 22/15 & 22/16) Neil Holm (min 22/15) Russ MacMillan, DfT (min 22/15) John Reid (min 22/15) Ingrid Norman (min 22/16) Sarah Reid (min 22/16)	
Apologies		
No.	Item	Actions
22/01	<u>Chair's opening remarks</u> The Board: - congratulated Silla Maizey on being awarded an OBE in the New Year Honours List for services to the NHS. The Board also noted that three Network Rail employees had been honoured with the British Empire Medal: - Akthar Hussain, Systems Engineer, for services to Diversity and Inclusion; - Vince James, Lead Industrial Relations Consultant, for services to prisoners during Covid 19; and - Milla Mazilu, Principal Programme Controls Manager, for services to the Covid 19 response.	

	In addition: • Simon French, Chief Inspector at the Rail Accident Investigation Branch was awarded an OBE for services to railway safety; and • Doug Oakervee (former Crossrail and HS2 chair) was knighted for his services to transport and infrastructure delivery. The Board congratulated each of them for being recognised in this way. 2. noted that Chris White-Horne and Annelies Look, Programme Directors, Rail Transformation at the DfT had been tasked with helping to deliver the Williams Shapps Plan for Rail; and 3. noted the appointment of Chris Gibb as Chief Executive Officer of Scottish Rail Holdings, a company set up to oversee the delivery of services by ScotRail Trains Limited, from 1 April 2022.	
22/02	<u>Minutes of previous meeting</u> Subject to two minor amendments the minutes of the Board meeting held on 2 December 2021 were approved.	
22/03	<u>Action list</u> The Board discussed the action list, noting the action responses and those actions proposed for closure. It was noted that the signalling strategy action as drafted was closed. However, the Board would be asked to review the signalling procurement strategy most probably as part of an initial procurement request. Actions related to the TransPennine Route Upgrade and ‘digital twin’ technology were discussed later in the meeting.	
22/04	<u>Directors’ interests</u> No changes to the list of declared interests were reported.	
22/05	<u>Board report</u> The comprehensive Board report was reviewed, and the Board focussed its discussion on: 1. Reflections on the pandemic Network Rail’s operations had been less affected by staff absences due to Coronavirus than other parts of the sector. The Board thanked everyone involved for their professionalism and commitment towards keeping the rail network running during this difficult time. 2. Christmas and New Year engineering works £131m of works to improve the network was successfully delivered by Network Rail and its supply chain over the festive period. Of the 1,985 possessions taken, 99.1% were handed back on time, consistent with 99.0% right-time hand-back at the previous festive period in 2020. The Board acknowledged the huge efforts of everyone involved in delivering these works and expressed its appreciation.	

The Board noted that on 24 December 2021 three wagons of a freight train derailed on the approach to London Gateway. This had caused extensive damage to the track and signalling. Services resumed from 6 January 2022. At the time of the meeting the cause of this derailment had not been finally determined.

On 31 December 2021 subsidence to a tunnel portal retaining wall caused the closure of both lines through the Tottenham North Curve tunnel. The line reopened on 10 January 2022. The investigation into what caused the subsidence continued. The most likely cause being the collapse of a redundant culvert which had destabilised the foundations of the portal. Swift intervention and careful management had prevented a more serious incident or more significant infrastructure damage.

3. ORR Improvement Notice

On 24 December 2021 Network Rail was served with an Improvement Notice by the ORR. The Notice related to the continuing investigations into the train collision near Salisbury on 31 October 2021 and the management of specific adhesion related risk on Wessex route.

The Notice did not clearly explain what the Inspector believed to be the nature of the breach nor precisely what was needed to discharge the Notice. This was being discussed with the ORR. However, due to this lack of clarity and the fact that the Notice was served on Christmas Eve limited the time available to get further clarity, Network Rail had reluctantly submitted an appeal of this Notice.

4. Passenger recovery

In the period 14 November to 11 December, passenger numbers had fallen as the measures and guidance related to the Omicron variant began to impact demand including the leisure sector which had to that point recovered well. Following Government advice that from 13 December 2021 those who could work from home were advised to do so, passenger numbers had fallen further, particularly in the business travel and commuter sectors. Fewer rail passengers resulted in both lower fare revenue and expenditure in retail outlets at stations.

Multi-stakeholder discussions continued, aimed at finding ways to encourage travellers to return to rail transport.

The Board discussed passenger demand later in the meeting.

5. New Rail Minister

Wendy Morton MP had been appointed as Rail Minister, DfT, replacing Chris Heaton-Harris MP.

6. Speed restrictions on the network

Storm Barra on 7 December 2021 had brought strong winds and rain, requiring Emergency Speed Restrictions to be imposed, particularly on Wales, Western, North West and Scotland routes.

Non-executive directors asked how soon Network Rail would be able to impose speed restrictions across smaller geographic areas, causing less disruption for passengers. It was noted that the nature of the weather front dictated how widespread speed restrictions had to be. Convective rainfall could be measured in a very granular way, resulting in localised speed restrictions. Frontal rain, snow and wind were less predictable, resulting in speed restrictions over a wider area. A review had been commissioned to understand how Network Rail could improve its current response to weather.

7. Stand Up for Race Equality briefings

The Stand Up for Race Equality briefings had been attended by 73% of the workforce by the end of 2021. The aim was for 100% of employees to have attended a briefing

Pauline
Holroyd

by the end of March 2022. The Board asked for a discussion on the lessons learned from this initiative and what the next steps were.

Chief Financial Officer's Board report

The Chief Financial Officer discussed with the Board:

1. Financial performance

Financial performance was steady and showed some signs of improvement. An updated capital rollover forecast, which was within normal flexibilities, had been submitted to the DfT. A decision on whether that had been accepted was awaited.

2. Scorecard

The scorecard was stable, other than for freight performance which had been impacted by adverse weather and driver availability.

3. Efficiencies

Efficiencies delivered so far were in line with target for the full year, and for CP6.

4. Regulation – PR23

The PR23 Board sub-committee had been established to review progress on the funding settlement process for CP7. Previously the Strategic Business Plan had been structured around asset life and engineering. The Plan for CP7 was being written more from an industry perspective, with a greater focus on the passenger and freight markets, as well as on cost, with strong links to the DfT's priorities. This topic was on the agenda for the February Board meeting.

5. Rail Investment Centre of Excellence (RICE)

RICE and Network Rail's approach to capital delivery was going well. RICE had three main areas of focus: (i) the knowledge hub, (ii) risk and assurance and (iii) standards and processes.

22/06

Rolling Forecast 8 (RF8)

Paul Marshall joined the meeting.

The rolling forecast process provided an updated forecast for each year of the control period. This meant that progress against delivering the business plan for passengers within agreed funding levels, could be monitored.

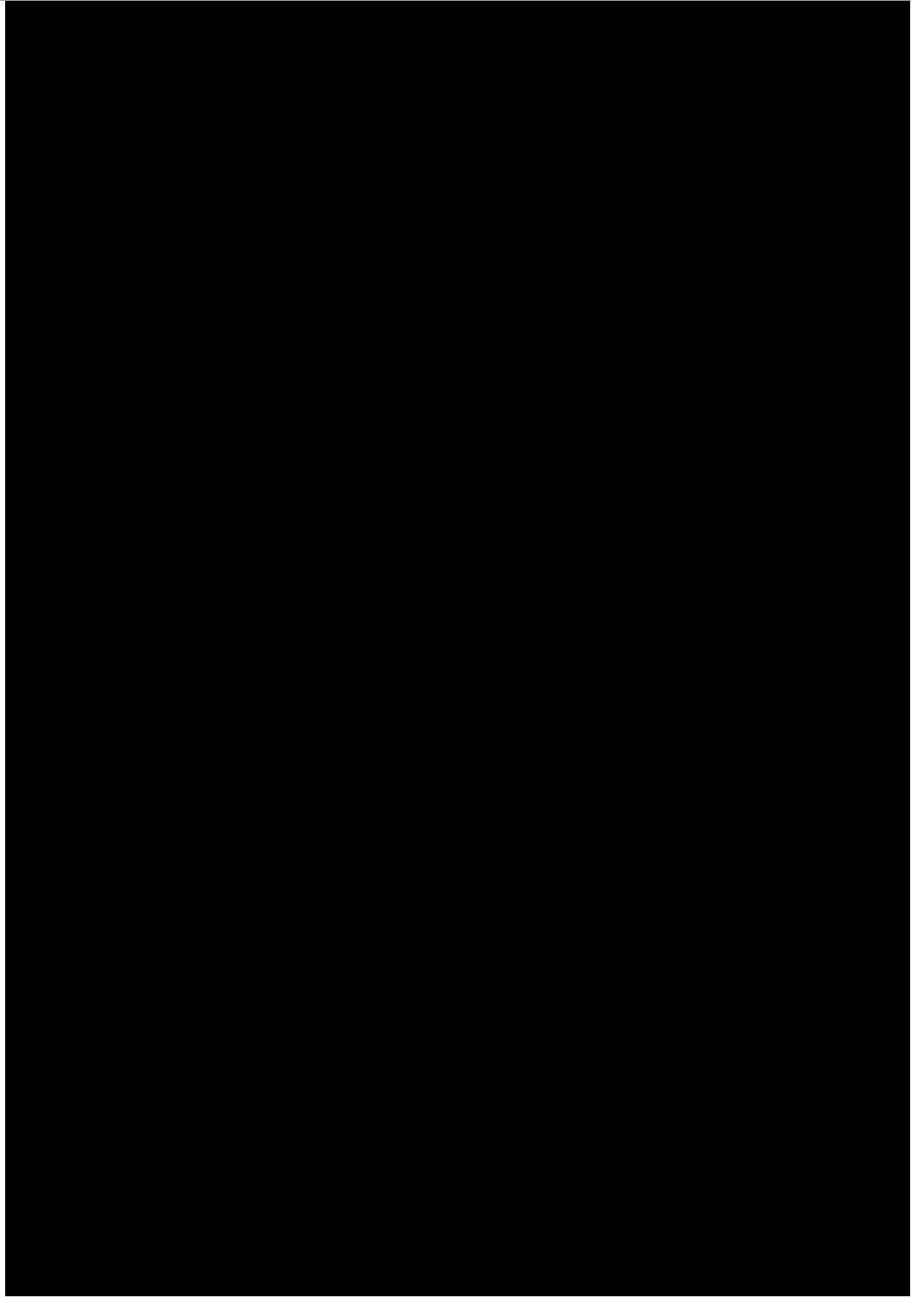
The plan was currently in line with the overall funding position. Workforce reform plans were maturing and had been moved to the Regions. Inflation was a concern however current expectations were that inflation was manageable within the available risk fund.

The Board noted that many supplier contracts contained an index-linked element giving suppliers at least some relief from inflationary pressures. At the time of the meeting the availability of materials was more of a concern, but this was being managed.

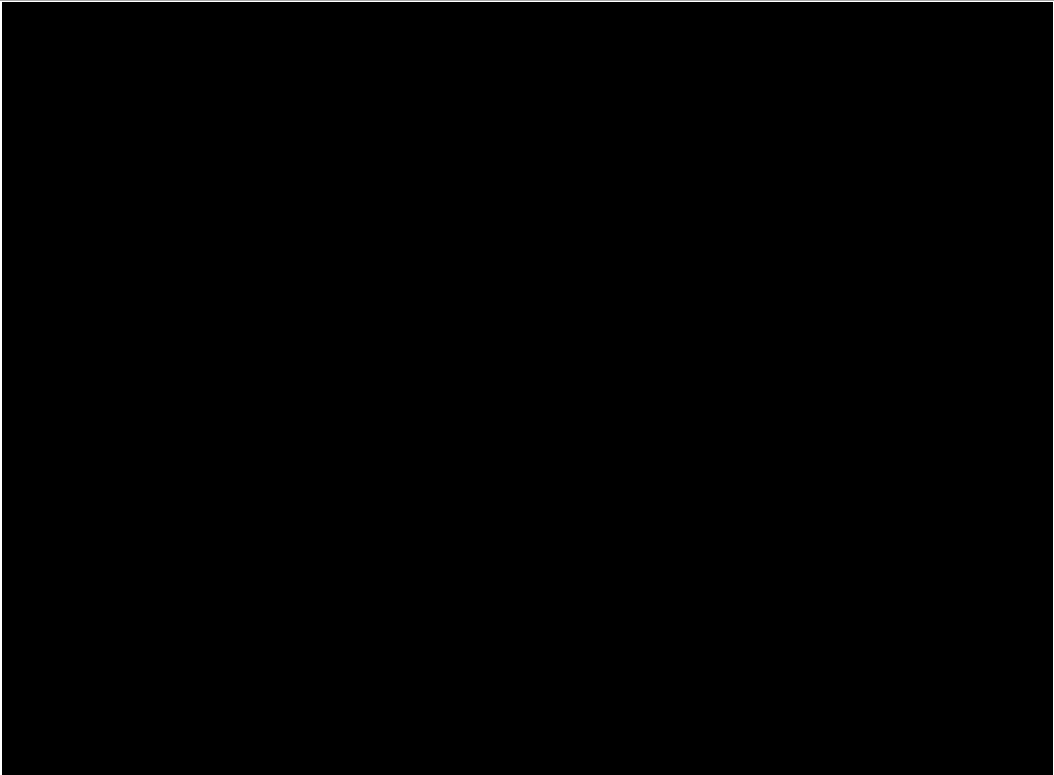
The Board discussed how the team modelled headwinds, including inflation risk. It was noted that the Company was given a core renewals fund, from which it had separated out a 'risk fund'. As Network Rail approached the end of the control period, monies remaining in the risk fund would be transitioned to pay for renewal or maintenance activities.

The Board thanked Paul Marshall for his paper which was very clear.

Paul Marshall left the meeting.

22/07		
22/08	<u>Re-signalling and commissioning testing - assurance</u> <i>Martin Frobisher, Martin Jones and Jo Lewington joined the meeting.</i> Paper 05/22 set out the actions taken in the wake of the accident at Dalwhinnie on 10 April 2021 when a train derailed due to a signalling system fault. The root cause of the derailment was a wiring error in a replaced component. That error would have been identified had the technicians followed normal signal maintenance testing procedures.	

	Immediately following the accident, a local Special Inspection Notice (SIN) had been issued to identify similar circumstances and carry out mitigating testing. A national SIN was issued shortly after. Further investigations had highlighted a concern around the capability of signalling technicians. This was being addressed by a change to the way competence was assessed. Prior to the Dalwhinnie accident, competence was assessed via an online, multiple choice assessment. Assessment had now changed to the successful completion of a one-day practical assessment in a training school. The Institution of Railway Signalling Engineers licensing scheme provided a second level of competency assurance. This new assessment regime was highly visible to the community of signalling technicians. Assessment would be on a formal three-year cycle, with periodic refresher sessions available in between assessments. The Chief Executive undertook to provide an update on signaller competence in his report to the February meeting. <i>Martin Jones left the meeting.</i>	Andrew Haines
22/09	<u>Trackworker Safety Taskforce</u> <i>Nick Millington joined the meeting.</i> The Board discussed paper 04/22, an overview of the Safety Task Force's progress and priorities since its formation in July 2019. The deadline for compliance with the ORR's two Improvement Notices was 31 July 2022. Amongst other things, the Board discussed: 1. what would happen once Nick Millington and his team stepped back from this programme of work. Routes had been asked to confirm their plans for continuing this work after July 2022. Some routes had already submitted their plans, others were finalising the details. Nick's team would prepare a 'schedule of destinations', mapping each sentence in the original plans to the current position. That would help keep the routes aligned to their commitments. 2. some concerns had been shared by Signallers about the quality and balance of line blockage planning and delivery. A new line blockage planning system, additional 'Line Blockage Coordinator' roles and a further assessment of signaller workload would help with this. However, routes needed to review the relationship between colleagues in operations teams and maintenance teams and introduce ways for these teams to work together more effectively. 3. that it was anticipated that 82% of the 4,935 milestones planned to close-out the Improvement Notices would be complete by 31 July 2022. Of the other 18%, some milestones would not be delivered until the end of CP6. While the routes were accountable for delivering these milestones, Nick and his team would remain available to support assurance of the work delivered by the routes. The ORR had acknowledged that not all the milestones would be complete by 31 July. It had indicated that provided Network Rail could evidence its commitment to closing out the remaining actions and had allocated sufficient resources to do so, it would likely consider the Notices discharged. Following the Board's recent security risk briefing it was noted that both the Audit & Risk and Safety, Health & Environmental Compliance committees would be increasing their	Ben Edwards

	focus on cyber and security risk respectively. The Board would also receive periodic updates on these matters. The Board thanked Nick Millington and his team for the outstanding results they had delivered. In response, Nick acknowledged the extraordinary efforts made by the routes and regions to support this programme of work. <i>Nick Millington left the meeting.</i>	& Martin Frobisher
22/10	<u>RSSB Sustainable Rail - update</u> <i>George Davies joined the meeting.</i> The Board discussed paper 03/22 which outlined the work being done on the Sustainable Rail Strategy (SRS), the progress to date and the associated risks and opportunities. The SRS was being led by the Rail Safety and Standards Board, under the direction of Malcolm Brown (Chief Executive Officer of Angel Trains Limited) to provide an industry-wide approach to environmental sustainability. The SRS had 11 key themes. ARUP had been commissioned to develop 'situation reports' to understand the industry baseline for each theme, propose initiatives and options to address them, and draft a delivery road map. Network Rail was working closely with the RSSB to ensure there was no duplication of effort nor contradiction of direction/policy. RSSB was also working closely with GBRTT to ensure that the SRS was reflected in the Whole Industry Strategic Plan. <i>George Davies, Martin Frobisher and Jo Lewington left the meeting.</i>	
22/11		

		
22/12	<u>Passenger demand forecasting - update</u> <i>Suzanne Donnelly, Dave Harding and Jake Kelly joined the meeting.</i> Paper 07/22 updated the Board on the work being done with industry partners on monitoring and forecasting rail demand and providing a tactical response to the current situation. The Board noted that during P9 (14 November to 11 December) passenger numbers were 64% of pre-pandemic levels. Most of the passenger demand was for leisure travel rather than for business travel or commuting. Government advice for people to work from home if they could had been introduced from 13 December 2021. In P10 (12 December 2021 to 8 January 2022) passenger numbers were estimated to have been 47% of pre-pandemic levels. On 19 January 2022 the Prime Minister said the Government was no longer asking people to work from home and that they should speak with their employers about returning to the office. It was expected passenger numbers would increase following this latest guidance. Freight demand continued to perform well compared with passenger demand, and in some areas freight demand was higher than pre-pandemic levels. The next quarterly update would show: (i) where it might be possible for the industry to encourage passenger demand; and (ii) which markets for rail travel may not recover post-pandemic. It was noted that different geographic profiles were emerging for rail travel. Provincial regions saw less of a decline in passenger numbers on Mondays and Fridays than the routes into and out of London. Long distance travel primarily happened on Fridays and Sundays. The Board also noted that: 1. businesses had not thus far changed their business travel policies, although many were encouraging electronic rather than face-to-face meetings. For business travellers flexibility around travel was more important than ticket price; 2. that with the increase in rail travel for leisure, the passenger profile at some stations was changing. Leisure travellers generally spent longer in stations and therefore bought more from retail outlets. The type of outlet and services they wanted at stations was different to what commuters wanted; 3. many of the decisions relating to tickets and prices required multi-agency agreement. That sometimes meant that train operators and Network Rail were not able to react quickly to market changes; and	Jake Kelly

	4. the type of passenger and freight demand data now available would be key to making decisions on where to prioritise investment in the network, and the level of train service appropriate to passenger numbers. The Board had enjoyed reading the paper and the ensuing discussion. It commended the granularity of the data now available, and the analysis being undertaken. <i>Suzanne Donnelly and Dave Harding left the meeting.</i>	
22/13	<u>Freight strategy</u> <i>Helen McAllister and Richard Moody joined the meeting.</i> Paper 08/22 sought the Board's endorsement of the proposed freight strategy. This proposed strategy addressed the current economic and political demand for more freight paths on the rail network and also decarbonisation of freight by rail. The Board: - recommended that the six areas of focus in the freight strategy emphasise: (i) how the lack of HGV drivers was impacting the rail freight sector; and (ii) how decarbonising road freight was a bigger challenge than decarbonising rail freight. It also recommended that the freight strategy emphasise the wider economic benefits that freight could deliver to economically challenged areas of the country; - discussed the importance of attracting the parcel delivery market to rail freight, and the opportunities that rail freight could offer to other logistics and automotive businesses; - highlighted the opportunity to develop freight paths to ports, to service the export market; and - encouraged some innovative thinking and asked whether consideration was being given to potentially adding some 'light freight' carriages to passenger services given the reduced passenger demand. The Board found the paper helpful and was encouraged to see how the freight strategy was developing. The Board endorsed the further work being proposed. <i>Jake Kelly, Helen McAllister and Richard Moody left the meeting.</i>	
22/14	<u>Region presentation - Eastern</u> <i>Rob McIntosh joined the meeting.</i> The Board discussed paper 09/22, an update on Eastern region. The Board was advised that the previous day a colleague in his 20s had sadly lost his life following a road traffic accident near Elmswell, Suffolk, while working. The Board extended its condolences to his family, friends and colleagues. Turning to a review of the Eastern region, the Board noted several highlights over the last year: - the re-vamp of Liverpool Street station, providing new toilet facilities, more and improved seating, interactive information screens and new cycle racks; - the opening of Soham station on 13 December 2021, near to the previous station which closed in 1965;	

	• completion of works to transform the track layout at London King's Cross station, increasing capacity and bringing more reliable journeys for passengers; • the opening of the new Werrington Tunnel (an 11,000 tonne curved concrete tunnel), to carry freight trains underneath the East Coast Main Line; and • the completion of the new Platform 0 at Leeds station. This would provide more and longer trains due to an improved track layout, allowing trains to enter and exit the station more easily. Looking to the future, safety remained a key challenge. An Eastern Safety Strategy had been developed, sitting between the national safety framework and the route and functional safety plans. The focus was on delivering localised safety plans to help change the safety culture of the front-line environment. Several programmes were underway to develop both the management and leadership capability of Eastern's people. Inclusion and diversity remained a continuing challenge. Inclusion was deliberately mentioned first on the basis that a positively inclusive work environment was an essential foundation upon which to increase diversity. The TransPennine Route Upgrade (TRU) programme was a big challenge, and the Integrated Rail Plan for the North and Midlands (IRP) provided an exciting opportunity for the region. Amongst other things, the Board discussed: 1. the higher than expected cost of Soham station. It was recognised that if the work was being planned today, different decisions would have been made. A result of the SPEED (swift, pragmatic and efficient enhancement delivery) initiative, was that the unit costs of bridges, platforms and lifts had reduced; 2. the need for the whole of Network Rail to find more creative interventions to improve inclusion and diversity within the company. This topic needed a 'back to the drawing board' approach as the current tactics were not working. Given the low staff turnover rates within Network Rail, and the current recruitment constraints, recruitment could not be relied upon to deliver results. Something structural, from ground level up, needed to happen to improve both inclusion and diversity; and 3. the decline in train service delivery in Eastern over the last two years. It was noted however, that train service delivery in Anglia was good. Anglia was sharing its approach with other routes within Eastern so train performance could improve. The Board thanked Rob for an excellent briefing paper and discussion.	
22/15	<u>TransPennine Route Upgrade (TRU) – quarterly update</u> <i>Neil Holm, Russ MacMillan and John Reid joined the meeting.</i> Paper 10/22 was a periodic update on the TRU programme. Since the last update to the Board the Integrated Rail Plan for the North and Midlands (IRP), which included TRU, had been published. This was a key milestone for TRU as it closed out the discussion of changing the scope from option F1 to G. The core route upgrade (between York and Manchester via Leeds and Huddersfield) was known as option F1, and would electrify the route improving performance, capacity and journey times. Option G consisted of the core route upgrade and some incremental 'on route' scope to facilitate the Northern Powerhouse Rail programme.	

	The Board emphasised the need to have a clear plan setting out how Network Rail would deliver its obligations under the IRP, specifically the change from option F1 to option G. The current plan did not contain sufficient clarity and detail. The baseline starting point needed to be set out so that any changes to scope could be readily tracked. Two projects within the TRU programme were in delivery. Works close to York remained on schedule. However, works near Manchester had been delayed by the identification of mining risks; a recovery plan was being implemented. The Transport & Works Act Order for Ravensthorpe-Huddersfield had been successfully concluded. The National Audit Office (NAO) had started an inquiry into whether the TRU programme provided value for money. Initially the programme team was focussing on educating the NAO team to ensure they understood the TRU programme. The Board noted what was being done to ensure suppliers had the capacity to deliver the work they were being contracted for, or whether any back up was needed. Some concern was expressed over the European Train Control System work on TRU. A more detailed update would be provided in the next briefing. The Board noted that Rob McIntosh would attend the Transport for the North Board meetings in place of Sir Peter Hendy. The Board commended the team on a very well written paper. <i>Neil Holm, Russ MacMillan and John Reid left the meeting.</i>	Rob McIntosh Rob McIntosh
22/16	<u>Eastern CP7 capital delivery renewals and minor enhancements</u> <i>Ingrid Norman and Sarah Reid joined the meeting.</i> The Board discussed paper 11/22 which sought approval of the Eastern CP7 procurement strategy for renewals and minor enhancements. This would be a multi-discipline rail system approach with an emphasis on efficiency and passenger benefits. The five areas of strategic focus were: railway system approach, capabilities, productivity; behaviours and sustainability. The Board noted that two partnerships would be created in Eastern (North and South). These partnerships would have an overarching partnering agreement including incentivisation and collaboration. These partnerships aligned with Network Rail's CP7 strategic themes. The Board queried the proposed timetable and recommended that it be condensed if possible. The Board also stressed the importance of the assessment criteria and agreement including minimum standards and incentives for suppliers' commercial behaviours. The Board APPROVED the Eastern CP7 procurement strategy for renewals and minor enhancements and the next steps set out in paper 11/22. <i>Rob McIntosh, Ingrid Norman and Sarah Reid left the meeting.</i>	
22/17	<u>Committee updates</u> The Board was updated on recent meetings of the:	

	• Property Supervisory Committee; and • Environmental Sustainability Committee. Recent meetings of the PR23 Board Sub-committee and the Great British Railways Transition Team Advisory Panel had been discussed earlier in the meeting.	
22/18	<u>Company Secretary's report</u> Having considered paper 15/22 the Board: 1. AUTHORISED Stuart Kelly and Helen Martin to take all necessary steps (including signing all required documentation) to open a bank account in the name of Great British Railways Transition Team Limited, and to issue a power of attorney authorising named individuals to manage that bank account; 2. APPROVED the appointment of Tim Shoveller as a director of Network Rail Consulting Limited and Network Rail International Limited; 3. ENDORSED the delegation of authority to the Group General Counsel for the approval and signing of all letters of support, letters of representation, statutory reports and accounts relating to the property joint venture entities that NRIL had shared ownership of; 4. RATIFIED the use of the Company seal; and 5. NOTED i. the resignation of Nick King from Network Rail Consulting Limited; ii. the amendments to the Power of Attorney permitting the signing of deeds on behalf of Network Rail Infrastructure Limited; iii. the update on the drafting of the Network Rail Limited Annual Report and Accounts for 2022; and iv. the update on Corporate Governance matters.	
22/19	<u>Prosecution report</u> The Board noted the Prosecution Report (paper 16/22).	
22/20	<u>Board agenda planning</u> The Board reviewed the draft agenda for the February 2022 Board meeting.	
22/21	<u>Any other business</u> The Board reflected on how much the quality of meeting papers had improved over the last two years, citing the three papers from Eastern as being particularly well written.	
Date of next meeting: 17 February 2022		
..... Chair		