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Minutes of a Meeting of the Board held on Thursday 24 October 2024 Network Rail, Western House, 1 Holbrook Way, Swindon

Present
Mike Putnam (Acting Chair)
Ismail Amla
Stephen Duckworth*
Stuart Harvey
Andrew Haines (From Minute 24/110)
David Noyes
Dyan Perry
Fiona Ross
Stephen Scrimshaw
Jeremy Westlake (From Minute 24/110)

In attendance
Carolyn Battersby (as an observer)
Susan Beadles, [redacted]
David Leam, [redacted] (From Minute 24/110)
Emma Knight, [redacted]
Julie Pharaoh, [redacted]

Rob Cairns (Minute 24/115)
Michael Clark (Minute 24/116)
Pauleen Holroyd (Minute 24/110)*
Navleen Kalra (Minute 24/110)
Richard Owen (Minute 24/115)
Robin Gisby (Minute 24/116)*

* Via videoconference

Apologies
Mark Bayley

No.	Item	Actions
24/108	**Chair's opening remarks**	

The Acting Chair welcomed everyone to the meeting.

The meeting was declared quorate.

The Board reflected on:
- The discussions at the Board dinner held the previous evening, attended by Mike Bagshaw (Managing Director of the MTR Elizabeth Line), Mark Hopwood (Managing Director of Great Western Railway), and Rob Cairns (Regional Managing Director for Wales and Western);
- Improvements on train service performance in the Thames Valley compared to one year ago.
- The update on the DfT's appointment of Carolyn Battersby to the Board.
- The update on the Chairs' Letter, with a final draft setting out SOS priorities for NR for 2024/25 expected shortly.
- The update on the recruitment by the DfT of the permanent Chair.
- The appointment of Laura Shoaf as the Chair of Shadow Great British Railways (SGBR) was noted.
- The reference made about DevCo at HMT's International Investment summit.
- The visit by the Secretary of State to the Rail Campus at Derby was noted.
- The update on the Scottish Government Network Rail provided by Fiona Ross.

24/109 Minutes of previous meeting

The minutes of the Board meeting held on 26 September 2024 were approved, subject to minor amendments. — Actions: Co Sec

Action Schedule

The Board reviewed the action schedule.

Action	Response
Action response 24/105.1	Action closed
Action response 24/081.2	Action closed
Action response 24/081.1	Action closed
Action response 24/038	Action closed

Directors' interests

There were no new interests noted.

24/110	**<u>Everyone Belongs – CP7 EDI Strategy</u>** *Pauline Holroyd (PH) and Navleen Kalra (NK) joined the meeting* The Board considered paper 77/24 and RR06, which explained the evolution of the Equity, Diversity and Inclusion strategy for CP7 following the feedback given at the 4 July Board meeting. The Board discussed the move away from annual target-based approach, of 5-year targets, measures and leading indicators. The Board considered how different levers could be used to achieve the desired objectives. The Board was given data on attrition rates over the last ten years, which was consistent over a long period, at about 1%. A slow rate of attrition which had rarely moved in the last ten years makes a big shift in the EDI landscape difficult. Consequently there is a requirement to continue to focus on early career pipelines, progression of diverse talent through the organisation and to attain more diversity at leadership levels. Data covering these points spanning the period of ten years was shared with the Board. Further data was shared on the progress made in the membership of Employee Networks, with the consequential result increasing the number of EDI champions and the adoption rate of EDI champions throughout the business. The launch of the Social Mobility Industry employee by the CEO was noted by the Board. Funding for relevant training and other EDI initiatives had been committed to from central and regional sources and this was supported by the ELT. Two-way mentoring was proving to be successful, with the ELT and regionally based schemes being run, with good feedback reported and constantly being subject to continuous improvement. To achieve the EDI initiatives future focus was on the active sponsorship of diverse talent. To assist with this delivery, a review of training delivery and more customised approaches were being undertaken, with a pilot exercise for frontline training to be launched in early 2025. NR encouraged the Trade Unions to work with the business in driving EDI change through the industry. A successful pilot with the National Management Council had been completed and now similar workshops were being designed, to be rolled out for trade union equality representatives, the National Ops Council, and the National Management council. The Board was informed of the increased number of employees joining employee networks, the increased number of EDI champions in the business and the launch of the first industry-wide Social Mobility Network sponsored by the CEO. EDI objectives were included in all management level employee objectives. Future employees were being sought through wider and non-traditional recruitment sources to address the limitations posed by geographical and population demographics. Leading indicators of under-performance, such as attrition rates and grievance procedures, would be used to understand and design specific interventions required. The discussion focussed on the long-term position and how a hybrid approach to targets and measures would be used. Focus would be on systematic inclusion. The Board noted the set-up of ambitious five-year targets, with measures focussed on outcomes and outputs and with key leading indicators that assist the business to move in the right direction. The approach was supported with a few focussed targets on some key actions to be reviewed as part of this approach. There was a general discussion and agreement that GBR presented an opportunity to drive this approach more firmly in that space. In particular with the recruitment of new roles with a shift of focus, where possible, for recruiting for potential above experience. The Board considered and **APPROVED** the EDI strategy explained in the paper. *Pauleen Holroyd and Navleen Kalra left the meeting.*	

24/111	**Board Report** The comprehensive Board report was reviewed. The Board focused its discussion on the following: • **Update on Talerddig, Powys, Wales Train Incident:** The Board noted the update. • **Update on Management Pay Negotiations:** The Board discussed and noted the information provided by way of update. • [redacted] [redacted] • **People:** The Board noted the future changes to the ELT RMD roles and the steps taken to mitigate the risks associated with the changes. The Board noted the appointment of the new Group Communications Director. • **Other matters discussed:** David Noyes highlighted the positive performance on the FWI measure, and the improvements made on track worker safety. The Board noted the increase in train cancellations and discussed potential actions for improvements. The Board noted and discussed changes to the budget position linked to the Treasury's Budget statement. **Chief Financial Officer Report** • **Financial Performance:** - JW updated on the latest position with RF06 plans. Scorecard performance was broadly flat. - The CP7 overlay was considered, and the Board noted plans for managing risks. The changes to the regulatory escalator for structures and buildings during the period were discussed. • **Corporate Finance and Project Development:** An update was provided on DevCo, and on the government's international investment summit which the CFO had attended on behalf of NR. There being no further questions, the rest of the paper was taken as read and NOTED.	
24/112	**Maintenance Efficiencies Report** The Board considered the contents of the CFO Board Report – Maintenance Efficiencies Update. The paper was taken as read and NOTED.	
24/113	**Rail Investment & Delivery Consolidated Board Report** The Board considered the contents of the Rail Investment & Delivery Consolidated Board Report, which covered period 6 –September 2024. The paper was taken as read and NOTED.	
24/114	**Network Rail Board Effectiveness Review** A verbal update on the Board Effectiveness Review (BER review) sub-committee was provided by David Noyes. The Board noted the following conclusions: 1. That instead of what the review described as 'more explicit challenge', the sub-committee had focused more on how to create the right space and environment for constructive discussions and debate. The goal should be to bring the Board's collective knowledge and experience to enable the executive to successfully manage the organisation. 2. On the structure of meetings, the proposal was to follow the ELT format of 3 broad elements – an opening section with more strategic and forward-looking discussion and debate, a reporting section on various aspects of business performance, and then a governance	

section. On performance not every topic would be discussed every meeting. A schedule would be drawn up setting out a plan. Recommendations included reviewing the SHEC bi-annually, ESC annually and regional functions annually.

3. The governance section would follow a consent agenda for identified items to allow more time for discussion of essential strategic matters. Committee reports would continue in written format and verbal updates would only be provided where Committee meetings had occurred too close to the date of the Board meeting. In each case, no time would be allocated on the agenda for these items unless specific questions had been put to the Acting Chair and the Company Secretary no less than 48 hours before the Board meeting. The published agenda would then be changed to include time for questions to be considered at the meeting.
4. The 2026 meetings schedule was to be reviewed and there would be a more even distribution of meetings throughout the year and ideally to better fit the rhythm of business reporting.
5. Prior to each Board dinner, a NED focus only meeting would be organised to discuss key issues for raising at the meeting and how to structure the discussion, possibly appointing conversation leads on particular issues.
6. Reporting on performance needed to give a wider perspective of NR, with focus on strategic as opposed to tactical matters and comparison provided between regions.
7. Board papers would be required to include a short (e.g. one page) clear and concise summary, with requests for any decisions to be made by the Board clearly stated, and the supporting report limited to e.g. 20 pages. The Reading Room for additional papers would be used with discretion.
8. For regional and functional reviews, the Board would identify the matters to be covered.
9. The Committee review had concluded:
    I. The ARC and Treasury Committees operated effectively and proposed no further changes;
    II. The SHEC Committee provided good governance and assurance and operated on the basis of consultative debate.;
    III. The ESC Committee served in an advisory body, and no further changes were proposed. Following discussion it was noted that moving scrutiny of environmental issue to Board level in line with recognised current governance practice would be considered. However, the heavy lifting to continue to be undertaken by both the ESC and the SHEC committees, with any issues to be flagged by the Chair of the respective Committee to the Board, and considered at Board level;
    IV. The Nomination and Remuneration Committee provided elements of both governance and an advisory role to the ELT, with oversight of the EDI and talent diversity agenda. Changes to this Committee were being discussed by the new Chair of the Committee, the General Counsel & Company secretary and the Group HR Director; and [redacted]

The Board noted the next steps for the Committee was to consider a forward agenda for 2025 and dates for meetings in 2026 that are better aligned to reporting cycles.

Following further discussion, it was suggested that asset management performance was identified specifically for discussion at Board meetings given it is significant part of the Company's core business.

The Board considered its role in supporting on integration where this is possible under the current legal and regulatory framework, and how the Board might influence GBR design. The Board noted its primary function was to focus on the governance of NR and to ensure ELT focussed on NR performance and to have oversight of executive plans for preparing the organisation and its people for the transition to GBR.

The final paper to be presented at the 5 December 2024 Board meeting.

24/115	**Region Update for Wales and Western** *Rob Cairns and Richard Owens joined the meeting* The Board considered paper 75/24 which provided an overview of the Region. The Board's attention was drawn to the following matters: **Scorecard** • Performance improvement had been targeted, with work on assets expected to improve resilience and therefore improving asset reliability. • Poor timetable performance and a series of improvement actions were noted and were underway to improve the train service delivery. **Safety** • There had been a shift of management focus in the region, with the operating model on Wales & Western having devolved asset management from Region to Route . This moves asset management decision making to the Route teams, who are best placed to make balanced decisions, consider train performance, safety, and cost outcomes. **People** • The operating model changes have established Infrastructure Directorates, strengthening the Route's capabilities, improving the consideration of system risk and system level outcomes to support improved train performance. The set of leading asset KPI's discussed drive a set of performance requirements which improve the base asset resilience and reduce the likelihood of component level failure, which in turn improves system level reliability. The main output and input areas of focus, as outlined in the Performance Improvement section, was discussed and whether leading indicators could be used to work out potential improvements the system could adopt. Points performance on Thames Valley was cited as an example. The root cause analysis on points performance on the Thames Valley route (using the data provided through the Failure Reporting Analysis and Corrective Action System methodology) supported the proactive development of a strategic asset management strategy designed to improve the resilience of the asset and move away from managed degradation approach. Priority was on the outcome and not purely focused on renewal. The Board discussed the Talerddig, Powys, Wales accident and issues surrounding it. There being no further questions, the rest of the paper was taken as read and NOTED. *Rob Cairns and Richard Owens left the meeting*	
24/116	**Rail Reform – Shadow Great British Railways** *Michael Clark and Robin Gisby joined the meeting* The Board considered paper 76/24, which provided an update on rail reform and the set-up of shadow GBR. The Board noted the following matters: • Development of the programme to bring the TOC's back into public ownership. • The Board noted the Government's requirement for DOHL to move towards greater integration between publicly owned TOCs, to achieve cost savings and efficiencies, and the challenge to bring together different and fragmented TOC systems. *Robin Gisby left the meeting* The set-up of Shadow GBR was discussed, with the appointment of the new Chair a positive step. The draft delivery plan focussed on the passenger experience and a realistic plan had been proposed [redacted] However, resource to implement the plan remained an outstanding issue in places. The plan was noted as a statement of intent from SGBR, to be worked through with partner parties. The Board discussed the potential of early integration to reduce common costs. In the short term, further consideration would be provided about how to drive revenue in light of the current industry financial position. The position concerning structural reform and legislation was noted. This included track/train integration in GBR, the role of the Passenger Standards Authority, the ORR, and the development of the GBR accountability framework, including the appropriateness or otherwise	

	of a potential licence. Consideration was also given to the development of the appropriate internal governance structure, the PSA relationship, the emerging critical path, and the definition of an arms-length body and its shareholder relationships. There being no further questions, the update was NOTED. **Action:** A paper to be prepared on rail reform next steps and included in the 5 December 2024 Board meeting pack. The paper to consider internal governance in relation to shadow GBR. **Action:** Once the Government's rail reform consultation document had been prepared, NR will need to decide if, and if so how, it should respond to the document. *Michael Clark left the meeting*	AH AH
24/117	**Committee Updates** The Board **NOTED** the contents of paper 78/24 which provided an update on the 18 September 2024 meeting of its Property Supervisory Committee. The paper was taken as read.	
	The Board **NOTED** the contents of paper 79/24 which provided an update on the 23 September 2024 meeting of its Environmental and Sustainability Committee. The paper was taken as read.	
24/118	**Company Secretary's Report** The Board considered the contents of paper 80/24 which provided an update from Governance and Secretariat. Following due consideration, the Board: **RATIFIED** the use of the Company seal. The paper was taken as read and NOTED.	
24/119	**Prosecution Report** The Board considered and noted the contents of paper 81/24.	
24/120	**Overview of Claims against Network Rail** The Board considered the contents of paper 82/24, which provided an overview of claims against Network Rail. An update on the claims position was provided, with a reduction in TOC claims being reported. Overall, a positive claims position was reported, with potential improvements to the situation noted. There being no further questions, the rest of the report was taken as read and NOTED.	
24/121	**Draft Board Agenda** The Board reviewed the draft agenda for the next meeting to be held on 5 December 2024, in London. The following item would be added to the agenda: 'Update on the ORR and Eastern performance.'	
24/122	**Dates of Future Meetings** The Board reviewed the future meeting dates for the 2025 calendar year.	
24/123	**Any other business** It was reported that the Bow Goods Yard planning proposal had been accepted by the London Legacy Development Corporation Planning Committee. The Board received and update on plans for the re-development of Liverpool Street Station. It was noted that Dyan Perry had resigned from her role on the TRU advisory board with effect from 31 December 2024. It was reported that Russ McMillan would be leaving the DfT having been appointed as the Chief Executive of the Delivery Authority for the Restoration and Renewal Programme for the Palace of Westminster. There being no other business, the meeting was concluded.	
Date of next scheduled meeting: **5 December 2024, Level 2 Boardroom, Waterloo General Office, London, SE1 8SW**		
	…………………………………….. Chair	