

Annex A – Information relating to meeting held on 4 November 2020

Cabinet Secretary for Transport, Infrastructure & Connectivity

Meeting Andrew Haines, Chief Executive, Network Rail

4 November 2020: 14:00 – 14:45

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| Key Message | <p>Thank Andrew for taking time to update on implementation of Network Rail's Interim Resilience Report published in September, and to emphasise Mr Matheson's expectation all safety measures identified for Scotland's Railway are being implemented by Network Rail.</p> <p>Network Rail need to adjust finances as part of a whole rail system response to economic pressures arising from reduced passenger demand and revenue.</p> |
| Who | Andrew Haines, Chief Executive, Network Rail (NR) |
| What | <p>Andrew will provide a detailed update on how Network Rail (NR) are delivering on the findings of the Interim Resilience Report submitted to [REDACTED] on 1 September following the Carmont fatal accident on 12 August. Mr Matheson can seek strong assurance that all measures identified for Scotland in the report are being implemented and ask about longer term extreme weather mitigation including when the final Resilience Report is expected.</p> <p>[REDACTED] Section 30(b)(ii)</p> |
| Why | <p>Following the Carmont accident, Mr Matheson has met with RAIB and ORR and requested a meeting with Andrew Haines to provide an update on implementation of NR's Interim Resilience Report recommendations. [REDACTED] Section 30(b)(ii)</p> |
| Where | Conference Call |
| When | Date: 4 November 2020 Time: 14:00 – 14:45 |
| Supporting Officials | Name: [REDACTED] |
| Alternative contact | [REDACTED] |
| Briefing | Annex A: Discussion points Annex B: Background on discussion points |

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DISCUSSION POINTS

ANNEX A

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| <p>Item 1: Key Message:</p> | <p>Welcome and general opening remarks</p> <ul style="list-style-type: none"> • I am pleased the route between Stonehaven and Aberdeen reopened yesterday and thank NR staff for this achievement working in extremely difficult circumstances over recent months. • I want to express my appreciation for the huge efforts being made by the NR Scotland team in this difficult time for the rail community. In particular for front line staff involved in the recovery of the accident site, and for those leading on the intensive work to identify and mitigate risks of similar accidents occurring again. • I know there is a significant challenge for NR to strengthen resilience of the many kilometres of network from the impacts of increased extreme weather, and it will be helpful to hear how NR is progressing, in Scotland, to implement the immediate recommendations and actions identified in the interim report published in September. <p>[REDACTED] Section 30(b)(ii)</p> |
| <p>Item 2: Key Message:</p> | <p>NR's Interim Resilience Report Update</p> <ul style="list-style-type: none"> • I understand the recovery programme included repairs to 70m of bridge parapets, relaying of 500m of track and substantial repair and extension of drainage systems and landslide embankments at the site. The scale of work at Carmont highlights the essential nature of protecting the network from repeat incidents. • I appreciate the recovery was relatively complex, but it took a particularly long time to reopen the line compared to other rail incidents. Will you undertake a review of the recovery process to understand lessons that can be learned that may help reduce recovery times with future incidents? • Moving beyond Carmont, I know NR took immediate actions to assess the levels of earthworks and drainage risk across the network, including undertaking hundreds of site surveys in short time. The range of immediate actions were set out in detail in your interim report in September, it would be useful to hear what progress is being made with these immediate actions to protect Scotland's network? • I appreciate NR is dedicating significant resource to implement immediate actions, however can you advise when you expect the final report to be published, which looks at the longer term strategic measures that will be required to protect the network against increased extreme weather? • It would also be helpful to understand when you expect the Independent Task Forces set up to examine earthworks management and weather will report their conclusions. • I engage closely with [REDACTED] on these matters and it is important moving forward we work together to understand the potential financial impacts for the Scottish Government that may emerge from increased extreme weather mitigation in Scotland. Although to a large extent we are reliant on |

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| | <p>the regulator to monitor and enforce implementation of measures within the current regulatory arrangements, it is the Scottish Government that funds NR in Scotland, and we must be in a position to anticipate the levels of resources that may be required in the longer term.</p> |
| Discussion: | <p>[REDACTED] Section 30(b)(ii)</p> <ul style="list-style-type: none"> • Mr Matheson can seek strong assurance that the range of immediate actions identified in NR’s Interim Resilience Report published on 10 September are being implemented in Scotland. • NR has not made public when they expect to publish the second and final resilience report that will set out longer-term measures to mitigate against the impacts of extreme weather, but Andrew will provide an update. • Andrew will also provide an update on the work of the two Task Forces set up, which would cover GB wide considerations in reaction to the Carmont accident. NR has not made public when the Task Forces will report conclusions. |
| | <p>Background briefing for this item is set out in Annex B</p> |

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| Item 3: Key Messages: | <p>NR Scotland Finance</p> <p>[REDACTED] Section 33(1)(b)</p> <ul style="list-style-type: none"> • It is vital we have confidence in the financial reporting NR provide us to allow us to manage and plan not only our rail, but Scottish Government budgets, especially with the current financial pressures created by covid. <p>[REDACTED] Section 33(1)(b)</p> <ul style="list-style-type: none"> • I cannot stress enough the importance of the RF6 financial reporting and the impact it has on the wider Scottish Government Budget requirements. <p>[REDACTED] Section 30(b)(ii)</p> |
| Discussion: | <ul style="list-style-type: none"> • [REDACTED] Section 30(b)(ii) • [REDACTED] Section 30(b)(ii) • [REDACTED] Section 33(1)(b) |
| | <p>Background briefing for this item is set out in Annex B</p> |

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| Item 4: | <p>[REDACTED] – Network Rail and rail services Section 30(b)(ii)</p> |
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| Key Messages: | <ul style="list-style-type: none">• I am of the view that a publicly controlled, integrated railway structure, fully accountable to the Scottish Government, presents the best option for the delivery of rail services in Scotland.• We still await the outcomes from the UK rail review. As I make key decisions over the coming months on the future of ScotRail services beyond the current contract in March 2022, I will be bound by the current UK rail legislation. <p>[REDACTED] Section 30(b)(ii)</p> |
| Discussion: | <p>[REDACTED] Section 30(b)(ii)</p> <ul style="list-style-type: none">• Initial discussions between NR and Transport Scotland officials have been positive and are on going.• Development work by NR continues and [REDACTED] is due to receive an update from [REDACTED] and Andrew Haines later today (04/11).• Once final proposals are received from NR, significant work by Transport Scotland officials will be required to test governance, legal, financial and regulatory matters, which will take time.• NR is working on the assumption that there will be no legislative change in place by March 2022 as a consequence of the UK rail review. [REDACTED] Section 30(b)(ii) |

Carmont Accident: NR's Interim Resilience Report

On 28 August, [REDACTED] sent Mr Matheson a draft interim report and Scotland addendum, (which officials made comment on) before both were submitted to the [REDACTED] on 1 September. A summary of the key points from the report was included in briefing to Mr Matheson on 31 August. The [REDACTED] then published the report and addendum on 10 September. At a meeting with Transport Scotland officials, Mr Matheson asked a meeting be set up with Andrew Haines to receive an update on how NR is implementing the key findings of the interim report, which are GB wide, but that have specific reference to Scotland's network.

The line was fully reopened on Tuesday 3 November and passenger services between Stonehaven and Aberdeen have recommenced. Whilst recognising the complex challenges presented with this accident at this rural site, Transport Scotland officials who were engaged with NR throughout, [REDACTED] **Section 30(b)(ii)**

[REDACTED] **Section 30(b)(ii)**

Interim Report

The interim report examined in detail the immediate facts from the Carmont derailment, current asset and operational controls, short-term improvements, longer-term strategic sustainability, the financial facts, and set out some next steps. NR's final report will go into more detail about what can be accelerated and where, particularly the options around additional technology which could sharpen where NR focus. To date, NR has not made public the timescale for completing the final report.

Immediate actions to manage risk and build confidence

The factors contributing to the Carmont incident are complex. While NR gain a full understanding of the events and issues they report that they are doing everything they can to manage the risk of similar incidents, and their first priority is to establish additional precautionary measures to safeguard passengers and trains. These additional precautions sit on top of their current asset management processes and response to managing operations where there is a heightened safety risk to the infrastructure. These include additional control arrangements, checks to earthworks and drainage and opportunities to apply technology.

Following the Carmont incident, Scotland's Railway has completed 848 inspections of earthworks assets, including aerial survey by helicopter or specialist inspections on foot by trained geotechnical inspectors and engineers.

Network Rail Commissioned Two Independent Task Forces

NR commissioned two taskforces led by independent experts; one led by [REDACTED] review NR's GB wide management of earthworks. The other led by [REDACTED] will help NR make best use of weather data in their operational arrangements. NR has not made public when these Task Forces will report but will give appropriate time for in-depth and comprehensive investigation.

NR Scotland's Finance

[REDACTED] Section 30(b)(ii)

[REDACTED] Section 33(1)(b)

NR will provide Transport Scotland with a top list of renewals projects, considering both those of high value but also safety critical projects.

[REDACTED] Section 33(1)(b)

From: [REDACTED]

Sent: 01 November 2021 14:40

To: [REDACTED]

Subject: Meeting notes - Cab Sec and AH - 4th November 2020

Hi [REDACTED]

As discussed, please see note of meeting taken from my personal notes.

Stonehaven

- AH advised that the final report on the incident was due in Spring 21. An initial report was expected in the coming weeks.
- AH stated that follow up checks and works had been done on sites where risks were identified.
- Cab Sec reminded AH that any reports should be shared with [REDACTED]
- AH reflected that lessons would be learned around the length of time that the railway was closed post the incident.
- AH confirmed that 2 independent task forces were to be established – earthworks and the climate change impact. These would be led by suitably qualified and experienced Chairs.

Finance

[REDACTED] **Section 33(1)(b)**

[REDACTED] **Section 30(b)(ii)**

I hope this is useful.

[REDACTED]

Annex B – Information relating to meeting held on 16 December 2020

MINISTERIAL ENGAGEMENT BRIEFING: Michael Matheson

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| <i>Engagement Title</i> | Call with Andrew Haines to discuss Network Rail's procurement strategy in the light of the recent tender involving [REDACTED] |
| <i>Organisation/Venue and full address including postcode</i> | Call |
| <i>Date and Time of Engagement</i> | Date(s): 16 December 2020 Time(s): 10:45 – 11:30 |
| <i>Background/Purpose</i> | Engagement has been ongoing on the matter of [REDACTED] and Network Rail's future procurement plans. It was agreed that a call would provide a positive opportunity for both parties to engage on Network Rail's procurement strategy. |
| <i>Relevance to Core Script</i> | Economy, Fair Work and Business, Communities. |
| <i>Bullet point Summary and media handling (key issues, and issues to avoid)</i> | Annex: A |
| <i>Network Rail procurement lines</i> | Annex: B |
| <i>Progress Rail Background and lines to take</i> | Annex: C |
| <i>Official Support</i> | Names: [REDACTED] |

Key messages to get across on this visit:

1. The Scottish Government remains committed to investing in Scotland's railway.
2. The Scottish Government wishes to understand how Network Rail seeks to maximise, through its contracts and engagement with suppliers, the value of that considerable government investment in order to sustain and grow capability (i.e. jobs, skills) within the supply chain in Scotland.

Top Facts and figures to mention for increased public/ stakeholder awareness:

[REDACTED] Section 33(1)(b)

Defensive lines to take on any sensitive issues:

[REDACTED] Section 30(b)(ii)

NETWORK RAIL PROCUREMENT STRATEGY

Lines To Take

- Transport Scotland has committed over £1bn programme of enhancement projects including those relating to the Decarbonisation Action Plan, in the enhancement pipeline going forward in the current control period; these will require significant procurement and supply chain involvement in the years to come.
- Network Rail is also taking forward a significant **[REDACTED] Section 33(1)(b)** workbank of renewals work. We are aware that NR has a number of contractors on their frameworks for enhancements and renewals and we will work with Network Rail to explore opportunities to look at procurement strategies as these frameworks come to an end; some as early as the end of CP6.

[REDACTED]

Lines

- I understand that [REDACTED] recently informed its staff that it will not be continuing with consultation regarding redundancies at the present time. That is welcome news but the decision is conditional, no doubt, on the value of other contracts it is seeking to secure and the outcome of the ongoing litigation with Network Rail on the switches and crossings supply contract.
- I remain, of course, concerned about the potential consequences for the highly-skilled employees at [REDACTED] as well as, more broadly, for Scotland's industrial capability within this sector particularly in view of the high levels of public investment and that we the railway in the vanguard of our ambitions for the high-value engineering sector.

Background

- [REDACTED] advised [REDACTED] on 7 October that UK employees had been informed of a risk to the UK sites because the company had been unsuccessful in its tender to continue to supply switches and crossings to Network Rail.
- Progress Rail operates a modern steel foundry which manufactures high integrity steel casting for products including rail crossings, multistage pumps, valves, power generation and general engineering casting.
- [REDACTED]
- The company is classed as a critical infrastructure supplier for the UK.
- Its parent company is the [REDACTED]
- Network Rail, which is [REDACTED] largest customer, providing [REDACTED] Section 33(1)(b) of its business, advised the company that it had been unsuccessful in its tender [REDACTED] Section 33(1)(b) to continue to supply Network Rail with switches and crossings.
- [REDACTED] made an appeal against this decision on 19 October.
- You wrote to the [REDACTED] and [REDACTED] at the time expressing your disappointment at this development and highlighted the potential consequence of the loss of a firm of such quality and expertise.
- [REDACTED] spoke with [REDACTED] and [REDACTED] to offer the support of the Scottish Government and [REDACTED]
- [REDACTED] will continue to work closely with [REDACTED] during this difficult period.
- Should there be job losses, the Scottish Government will provide support to all affected employees through our initiative for responding to redundancy situations, Partnership Action for Continuing Employment (PACE). Through providing skills development and employability support, PACE will aim to minimise the time individuals affected by redundancy are out of work.

From: [REDACTED]

Sent: 18 December 2020 10:53

To: Cabinet Secretary for Transport, Infrastructure and Connectivity
<CabSecTIC@gov.scot>

Cc: [REDACTED]

Subject: Submission - note of record - Progress Rail - meeting with Andrew Haines, Network Rail

PS/Transport

[REDACTED] – please find below a note of record.

**Note of meeting with Network Rail to discuss its procurement strategy
15 December 2020, via telephone conference**

Present:

Cabinet Secretary for Transport, Infrastructure and Connectivity (MM)

Andrew Haines, CEO Network Rail (AHa)

[REDACTED]

[REDACTED]

Officials:

[REDACTED]

[REDACTED]

MM and AHa discussed in general terms the challenges of, and the industry's response to, the Christmas travel flexibilities over the period 23-27 December.

On procurement issues, MM noted that [REDACTED] had recently withdrawn their notice to staff to consult on possible redundancies as a consequence of not being successful in a recent Network Rail tender. MM stated that in view of pending legal challenge he would not discuss specifics but conveyed to AHa that any loss of engineering capacity or expertise was of major concern particularly in view of the substantial investments made by the Scottish Government in the rail network. AHa and [REDACTED] advised, notwithstanding [REDACTED] failure to be awarded the recent tender, that a more productive relationship had been established; that discussions were ongoing with a view to awarding [REDACTED] **Section 33(1)(b)** to allow more time for the new contract to take effect and that the company would continue as a supplier for other services. AHa also provided a broader perspective of the supply chain industry in terms of co-operation and consolidation of activities and workforces between companies.

AHa agreed to keep MM apprised of any developments in respect of the outcome of discussions with [REDACTED] as well as, more generally, procurement and supplier issues as they relate to Scotland.

MM thanked AHa and colleagues for the update.

[REDACTED]