

# Meeting minutes

## HS2 Ltd Board

**Meeting date** Tuesday, 28 September 2021

**Meeting location** Microsoft Teams Meeting

**Meeting time** 10:10 – 16:00

Members	Attendees	Apologies
Ian King (acting Chair) Non-Executive Director	[REDACTED] Phase 2a Delivery Director	Ed Smith* Senior Independent Non-Executive
Michael Bradley Chief Financial Officer	[REDACTED] Phase 1 Project Controls Director	
Mel Ewell Non-Executive Director	Nicole Geoghegan General Counsel	
Judith Hackitt Non-Executive Director	[REDACTED] Civils Delivery Director	
Tom Harris Non-Executive Director	[REDACTED] DfT Senior Responsible Officer (SRO)	
Elaine Holt Non-Executive Director	Non Owen Company Secretary	
Stephen Hughes Non-Executive Director	Chris Rayner (item 10) Delivery Director (Systems & Stations)	
Roger Mountford Non-Executive Director	[REDACTED] Head of Delivery Rolling Stock Projects	
Jon Thompson Non-Executive Director	Tim Smart (item 7) Phase 2 Manging Director	
Ruth Todd Chief Commercial Officer	[REDACTED] Systems Delivery Director	
Mark Thurston Chief Executive Officer	[REDACTED] Managing Director, The Euston Partnership	
	[REDACTED] Phase 2A Senior Sponsor	
	[REDACTED] Euston Area Director	

\*Comments provided in correspondence

## 1 Quorum, Declarations of Interest and Values Moment

- 1.1 No new/additional conflicts of interest were declared.
- 1.2 The Board received a values moment from the General Counsel on thought leadership.

## **2 Minutes of the Previous Meeting and Matters Arising (HS2B\_21\_062 and HSB\_21\_063)**

- 2.1 The minutes of the meeting held on 28 July 2021 were approved as an accurate record.
- 2.2 The Board noted the status of the actions.
- 2.3 Board discussed the role of SHWELT and noted the work being undertaken by the interim Health, Safety and Security Director on the review of Health and Safety currently in hand, the topic of which will also be reviewed at the Health, Safety, Security and Environment Committee.

## **3 DfT SRO Update (HS2B\_21\_064)**

- 3.1 The Department for Transport (DfT) Senior Responsible Officer (SRO) joined the meeting.
- 3.2 The DfT SRO provided a verbal update covering:
  - 3.2.1 The recent Ministerial Taskforce and the deep dive on costs and schedule on Phase 1. It was confirmed that the meeting was received positively, and ten outputs have been agreed for progression.
  - 3.2.2 Discussions continue regarding Euston with the Board noting that this would be an area of discussion later in the meeting.
  - 3.2.3 The Board noted the ongoing discussion with regard to the Phase 2b Western Leg noting that the Major Projects Review Group has been deferred. Consideration for the [REDACTED] Management have confirmed that HS2 Ltd is ready to make the submission.
- 3.3 The DfT SRO left the meeting.

## **4 CEO Update (HS2B\_21\_065)**

- 4.1 The Board reviewed and noted the CEO Board Summary for September 2021, as included in the meeting pack.
- 4.2 The following key points were raised and noted:
  - 4.2.1 Hybrid working principles have been discussed with staff and agreement of the “3P’s” (Personal, Professional and Programme). A three-day fortnight attendance at workplace has been introduced as of 04 October 2021, increasing to a five-day fortnight from 01 November 2021.
  - 4.2.2 The Board were impressed with the instructions being shared with staff and in particular the focus on collaborative working.
  - 4.2.3 Discussions continue internally on Health and Safety, including the role of the Executive Team. A meeting has been scheduled with the HS2 Ltd CEO and the CEOs of all the Joint Ventures (JV’s).

- 4.2.4 At the time of reporting the Board noted that the [REDACTED]
- 4.2.5 The Board noted that the Spending Review submission has been well received by the DfT noting [REDACTED]
- 4.2.6 The Board were advised that the submission is being considered by HM Treasury with current lines of query around [REDACTED]
- 4.2.7 The Board discussed the [REDACTED]
- 4.2.8 The Board noted the Executive and Senior Leadership review of indirects, with Star Chamber Reviews to be held in October. It was agreed that an update would be provided to the Board at the 24 November 2021 meeting.
- 4.2.9 The Board noted the update on the Environmental and Sustainability documents and progress to date. The Board agreed to endorse Environmental Sustainability Committee (ESC) Members having editorial sign off for the Vision and Action plan and an update will be presented at the 03 November 2021 Board meeting to confirm the commitments in the Vision.
- 4.2.10 The Board noted the proposed arrangements for an [REDACTED]
- 4.2.11 The Board noted the next scheduled launch of the third Tunnel Boring Machine at Long Itchington.

4.3 The Board noted the updates.

## 5 Phase 1 Delivery Update (HS2B\_21\_066)

- 5.1 The Civils Delivery Director and the Phase One Controls Director joined the meeting.
- 5.2 The Board reviewed and noted the HS2 Monthly Report for August 2021, as included in the meeting papers.
- 5.3 The Phase 1 Headlines, as outlined in the paper, were presented to the Board.
- 5.4 “Are We Safe and Secure” within the report was discussed and the Board were advised that there are active reviews of control within this area. The Health, Safety, Security and Environment (HSSE) Committee are discussing the trends and providing challenge on how the supply chain will act on systemic challenges.
- 5.5 [REDACTED]

- 5.6 Lessons learned are being reviewed and the Board requested that this is linked to the ongoing Health and Safety discussion previously raised and the challenge of what more can be done.
- 5.7 The Board noted progress on enabling works and progress to close one of the Joint Venture contracts, noting the challenge with the volume of ecology works. Management confirmed that there was the right level of capability and resource, but completion of the works is reliant on the weather/ nature.
- 5.8 The Board noted the update on critical path activities.
- 5.9 The Board noted that the cost forecast remains under the budget.
- 5.10 The Board noted the update on respectful delivery, noting a reduction in complaints in the period.
- 5.11 The Board noted the update on engagement with Local Authorities and noted that weekly updates are shared with the DfT.
- 5.12 The Phase One Controls Director left the meeting.

## **6 Schedule Mitigation & Control – Formal MWCC Forecast and plan for new integrated Performance Measurement Baseline (PMB) (HS2B\_21\_067)**

- 6.1 The Board reviewed and noted a presentation providing an overview summary of the Main Works Civils Contracts (MWCC) and the MWCC Integrated Project Teams (IPTs).
- 6.2 The Board received and noted the paper providing the cost outcome of the latest MWCC bottom-up forecast (BUF) and the proposal for creating a new integrated Performance Measurement Baseline (PMB) following the approval of the schedule exercise at the July 2021 Board.
- 6.3 The Board were asked to endorse an interim budget up to March 2023 by rephrasing the existing Civils Budget to create a new Performance Measurement Baseline (PMB).
- 6.4 The Board noted:
  - 6.4.1 That the Budget remains within the profile of the recent Spending Review submission completed in August 2021; and
  - 6.4.2 The pressure on the MWCC budget and future mitigation actions and opportunities.
- 6.5 Management Information of the new budget (subject to approval) would be reported from November 2021.
- 6.6 The following key points were raised and noted:
  - 6.6.1 

6.6.2 [REDACTED]

6.6.3 [REDACTED]

6.6.4 The Board noted the establishment of six key workstreams following receipt of the June BUF, namely:

6.6.4.1. Workstream A: Cost Pressure Analysis

6.6.4.2. Workstream B: Efficiency Verification

6.6.4.3. Workstream C: Assumption and Exclusion Quantification

6.6.4.4. Workstream D: Non MWCC Trends

6.6.4.5. Workstream E: Risk

6.6.4.6. Workstream F: Cost and Schedule Integration

6.6.5 Management discussed the tension between driving cost away whilst requiring levels of performance.

6.6.6 Management explained the interim budget requested was to March 2023 as detailed design will be near completion and the majority of procurements will have taken place.

6.6.7 The Board requested a summary of the portfolio, reporting against the deliverables and tracking any changes.

**Action: Michael Bradley**

6.6.8 The Board requested an update on the Efficiency Challenge Programme at the next meeting.

**Action: Michael Bradley**

6.7 The Board endorsed the interim budget up to March 2023 by rephrasing the existing Civils budget to create a new Performance Measurement Baseline (PMB), noting that performance will be measured against the new PMB.

6.8 The Civils Delivery Director left the meeting.

## **7 Phase 2a Delivery Update (HS2B\_21\_068)**

7.1 The Phase 2a Delivery Director and Phase 2 Managing Director joined the meeting.

7.2 The Board reviewed and noted the Phase 2a Performance report, as included in the meeting papers.

7.3 The Board noted:

7.3.1 The Phase 2a key deliverables and two year look ahead.

- 7.3.2 Reporting of the Key Performance Indicators in the period.
- 7.3.3 Key concerns, mitigations, and next steps.
- 7.4 The Board discussed the importance of reporting being clear and consistent on the financial performance against the range, and the reporting confidence level being used to report against.
- 7.5 The Board received and noted an update on the Phase 2a Design and Delivery Partner and the progress of milestones to achieve contract award.
- 7.6 It was noted that Phase 2a readiness including organisational design is work in progress.
- 7.7 There is ongoing engagement with the DfT.
- 7.8 The Board noted the updates.
- 7.9 The Phase 2a Delivery Director and Phase 2 Managing Director left the meeting.

## **8 Euston Station (HS2B\_21\_069)**

- 8.1 The Managing Director, The Euston Partnership and Euston Area Director joined the meeting.
- 8.2 The Board received and noted the paper providing an update on progress towards achieving Initial Operating Capability for the Euston Partnership and design and construction activity on HS2 Euston station.
- 8.3 The CEO advised Board although he sponsors the paper, with the introduction of the Station and Systems Director there will be a shift of responsibility for the delivery.
- 8.4 The Board received presentations on the The Euston Partnership and Euston Design and Delivery.
- 8.5 The following key points were raised and noted:
  - 8.5.1 Achievement of Initial Operating Capability is a Tier 2 HS2 Ltd Key Performance Indicator (KPI).
  - 8.5.2 [REDACTED]
  - 8.5.3 The benefits of integrated delivery.
  - 8.5.4 Progress against the 22 identified readiness criteria.
  - 8.5.5 [REDACTED]
  - 8.5.6 The outcome of the SRO study and the implication for schedule.

8.5.7

8.5.8 The Board noted that discussions are being tabled with the Executive Committee to review milestone progress and the Management level Programme Review will also review deep dives into Stations and Systems.

8.5.9 A further update will be tabled following the next applicable milestone.

8.6 The Managing Director, The Euston Partnership and Euston Area Director left the meeting.

## **9 Report from the Commercial and Investment Committee 12 August 2021 and 21 September 2021 (HS2B\_21\_070)**

9.1 The Board reviewed and noted the Report from the Commercial and Investment Committee (CIC) meeting held on 12 August 2021 and the meeting of 21 September 2021, as included within the meeting papers.

9.2 Attention was drawn in particular to the updates with respect to:

9.2.1 The Euston Construction Partner Supplemental Agreement

9.2.2 The Phase 2a SoS Change Notice for additional Scope at Crewe (on the Board's agenda)

9.2.3 The endorsement of the Rolling Stock Contract Award Recommendation for onward submission to HS2 Board (on the Board's agenda)

9.2.4 The Rail Systems Invitation to Tender for High Voltage Power and Invitation to Tender for Control, Command Signalling and Traffic Management

## **10 Rolling Stock Contract Award (HS2B\_21\_071)**

10.1 The Delivery Director (Systems & Stations), the Systems Delivery Director and Head of Delivery Rolling Stock Projects joined the meeting.

10.2 The Board reviewed the Rolling Stock Contract Award paper, as included in the meeting pack.

10.3 The Delivery Director (Systems & Stations) and the Systems Delivery Director introduced the paper.

10.4 The Board noted the procurement process was for the award of two contracts, being the manufacturing and supply agreement (which is where the capital costs sit, with the expenditure managed by HS2 Ltd) and the train services maintenance contract agreement for an initial term of 12 years with the same supplier of the trains (which is part of the maintenance/operational expenditure of DfT, as HS2 Ltd currently does not hold any maintenance budget).

- 10.5 The Board discussed [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]
- 10.6 The Board discussed [REDACTED]  
[REDACTED]  
[REDACTED]
- 10.7 The Board congratulated the team on the amount of work and effort undertaken to achieve the outcome.
- 10.8 The Board endorsed the outcome of the rolling stock procurement process and HS2's Ltd's Award Recommendation Report for onward submission to the Secretary of State for Transport, along with: (i) the delegations to be requested from DfT in order for HS2 Ltd to manage the delivery of the contracts; and (ii) the proposed financial contingency allocation; and the Board noted (iii) the Rolling Stock Ownership (the "proxy owner") position being proposed to DfT; and (iv) that the Contract Management Plan for Rolling Stock has received "reasonable assurance" from the IAP.
- 10.9 The Delivery Director (Systems & Stations), the Systems Delivery Director and Head of Delivery Rolling Stock Projects left the meeting.

## **11 Adoption of additional scope relating to Crewe – Impact Assessment in respect of Change Notice (HS2B\_21\_072)**

- 11.1 The Board received and noted a paper seeking approval of release of an impact assessment in response to a Change Notice setting out the impact on HS2 taking on the sponsorship of the Crewe Core Works, currently led by Network Rail.
- 11.2 The HS2 Ltd Board noted:
- 11.2.1 The work undertaken to date with regard to Crewe, and the alignment with Network Rail; and
  - 11.2.2 The proposed decision by DfT in respect of the package of work at Crewe, the resulting impacts on HS2 and the consequences should that decision not be made.
- 11.3 The Board discussed the positive discussions taken place with Network Rail and the renewed ways of working.
- 11.4 The HS2 Ltd Board approved the release of the Impact Assessment to the DfT.

## **12 Report from the Communications Leadership Forum (HS2B\_21\_073)**

- 12.1 The Board reviewed the Report from the Communications Leadership Forum meeting held on 04 August 2021, as included in the meeting pack.
- 12.2 The Board noted the relaunch of the Engagement Strategy 25 October 2021 and were advised details for attendance would be shared.

## **13 Report from the Audit and Risk Assurance Committee 09 August 2021 (HS2B\_21\_074)**

- 13.1 The Board reviewed and noted the Report from the Audit and Risk Assurance Committee (ARAC) meeting held on 09 August 2021, as included in the meeting pack.
- 13.2 Attention was drawn in particular to the updates with respect to:
  - 13.2.1 The number of overdue actions and the request to raise this issue with the Formal Executive Committee, as well as the spend allocated and the importance of escalation if actions are not being closed on time.
  - 13.2.2 The proposal for Land and Property landlord obligations to be taken to a future Committee.
  - 13.2.3 Approval of the Fraud, Bribery and Corruption Strategy by the Committee.

## **14 Report from the Health, Safety, Security and Environment Committee 18 August 2021 (HS2B\_21\_075)**

- 14.1 The Board reviewed and noted the Report from the Health, Safety, Security and Environment Committee (HSSE) meeting held on 18 August 2021, as included in the meeting pack.
- 14.2 Attention was drawn in particular to the updates with respect to:
  - 14.2.1 The ongoing concern that 'Safe at Heart' does not feel embedded in the supply chain.
  - 14.2.2 The appointment of the new HSS Director with the request of an update to be presented at the October meeting on initial findings/ views.

## **15 Forward Look (HS2B\_21\_076)**

- 15.1 The Board reviewed the Forward Look paper, as included in the meeting pack and noted the items scheduled for discussion at future meetings.

## **16 AOB and Close/Meeting float**

16.1 The Board discussed when Board meetings might return to being held on site and it was agreed this would be reviewed for scheduling.

**Action: Non Owen**