

# Meeting minutes

## HS2 Ltd Board

**Meeting date** Thursday, 14 June 2018  
**Meeting location** Room 6.1, Two Snowhill, Snow Hill Queensway, Birmingham B4 6GA  
**Meeting time** 10:00 – 16:00

Members (those who make the quorum of the forum)	Attendees (presenters/additional attendees)	Apologies
David Higgins Chairman	Jim Crawford (Items 9 &10) Phase 1 Managing Director	Richard Brown Non-Executive Director
Christine Emmett Non-Executive Director	Nicole Geoghegan General Counsel & Company Secretary	Neil Masom Non-Executive Director
Duncan Sutherland Non-Executive Director	██████████ Finance Director	
Mel Ewell Non-Executive Director	██████████ Corporate Sponsorship Director	
Jo Valentine Non-Executive Director	Tom Kelly Director Strategic Engagement and Communications	
Roger Mountford Non-Executive Director	██████████ Deputy Company Secretary	
Mark Thurston Executive Director		
Andrew Wolstenholme Non-Executive Director		

### Signed

**Chair** David Higgins

### Date

## 1 Welcome, Declarations of Interest and Values Moment

- 1.1 There were no additional declarations to those already recorded.
- 1.2 The Board noted the values moment provided by Duncan Sutherland as an outgoing member of the Board who made reflections of his time with HS2 Ltd.

- 1.3 The Board formally noted and thanked Duncan Sutherland for his significant contribution to HS2 Ltd since his appointment in 2012.

## **2 Minutes of the previous meeting and matters arising (HS2B\_18-44 and HS2B\_18-45)**

- 2.1 The minutes of the meeting of 03 May 2018 were agreed as a true record.
- 2.2 The status of the actions was noted with the below updates provided:
  - 2.2.1 Action 18/004 – It was agreed that this action is closed;
  - 2.2.2 Action 18/005 – It was agreed that this action is closed;
  - 2.2.3 Action 18/016 – It was agreed that this action is closed; and
  - 2.2.4 Action 18/017- This action remains open with regard to confirmation of timing and Operations and infrastructure Management Directorate will continue to be engaged in the work.
- 2.3 The Board discussed reviewing the remit and Terms of Reference of the Commercial and Investment Committee at the appropriate time.

## **3 CEO Report (HS2B\_18-46 and HS2B\_18-47)**

- 3.1 The Board noted the monthly management information. The following key points were raised from the Chief Executive's report to the Board:
  - 3.1.1 With regard to health and safety performance, the organisation continues to reporting in excess of one million working hours, covering circa 6000 people;
  - 3.1.2 There has been the first Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) reportable incident in 14 months of reporting;
  - 3.1.3 The launch of the Corporate Plan will be 19 June 2018;
  - 3.1.4 **The Board noted the ongoing stakeholder engagement activity and it was suggested that that an All Party Parliamentary Group be utilised for engagement;**  
**Action: Tom Kelly**
  - 3.1.5 The roles for the Chief Financial Officer and Chief Operating Officer are progressing though government approvals;
  - 3.1.6 Following the update to the Board on strategic risks, the Executive has reviewed risk at enterprise level with an assigned owner of each risk to be mapped to the appropriate governance forums;
  - 3.1.7 The Chief Executive reflected on the progress over the year and culture of the organisation which has been fed back as improvements from both the National Audit Office and Residents Commissioner;

3.1.8 The Board noted the first reporting cycle of earned value information and congratulated Management on the development of such reporting. **It was agreed that the Board are to receive a briefing on Cost Performance Index (CPI), Schedule Performance Index (SPI) and Earned Value reporting and how this is reflected in Management Information;**

Action: [REDACTED]

3.1.9 **The Board discussed the complexities of Old Oak Common site and requested that the Programme Committee review at a future meeting;**

Action: Jim Crawford

3.1.10 **An update will come to the Board following the appointment of Lendlease as Euston Master Development Partner with detail on their business plan; and**

Action: [REDACTED]

3.1.11 The Board noted the progress of Baseline 1.0 for Phase 2b which will continue on to the Major Projects Review Group (MPRG) on 25 June 2018.

## **4 Update from Audit and Risk Assurance Committee 06 June 2018 (HS2B\_18-48)**

4.1 The Board noted the apologies to the meeting from Neil Masom who had provided a pre Board meeting update to the Board on the Audit and Risk Assurance Committee held on 06 June 2018.

## **5 2017/18 Annual Report of the Audit and Risk Assurance Committee (ARAC) to the HS Ltd Board and Accounting Officer (HS2B\_18-49)**

5.1 The Board noted the summary of activities and findings from the Audit and Risk Assurance Committee for 2017/18 financial year and the recommendation to the Board for approval of the Annual Report and Annual Financial Statements for laying in Parliament, noting the findings of both the Internal and External auditors.

## **6 2017/18 Annual Report and Accounts (HS2B\_18-50)**

6.1 The Board noted the working draft of the 2017/17 Annual Report and Accounts which is subject to a final proof read with correction of typographical and other minor errors.

6.2 The Board noted there had been no audit adjustments requested on the accounts with the reporting of significant improvements, trending in the right direction, for the organisation.

6.3 The Board expressed their thanks to the Finance Director and all those involved in the production of the report and accounts.

- 6.4 The Board approved the Annual Report and Accounts 2017/18 for signature by the Accounting Officer, for onward submission to the Secretary of State for sign off prior to laying in Parliament and publication.

## **7 Changes to the Development Agreement (HS2B\_18-51)**

- 7.1 The Board noted the paper which followed agreement in November 2016 between the DfT and HS2 Ltd to update the Development Agreement (DA) to accommodate a number of issues and/or changes that had arisen since the original version of the DA was executed (2014). The update had occurred in two tranches: Tranche 1 dealt with a number of relatively straightforward matters and the updated DA (reflecting Tranche 1 changes) was signed on 17 July 2017.
- 7.2 The Board noted that the Tranche 2 update sought to review more significant issues including taking account of the role of the West Coast Partnership, Land and Property matters, an update to the Sponsors Requirements, the inclusion of a Financial Annex, changes to the Performance Default clauses, updates to reflect the new GDPR legislation and Commercial Development responsibilities.
- 7.3 The Tranche 2 update has also sought, where possible, to simplify and streamline the DA and to remove any overlap with the Framework Document (FD).
- 7.4 **The Board discussed the Financial Annex and requested the Commercial and Investment Committee review the draft report on hedging principles including any public sector examples.**

**Action:** 

- 7.5 The Board approved the revised Development Agreement.

## **8 Report from the Commercial and Investment Committee 06 June 2018 (HS2B\_18-52)**

- 8.1 The Board noted the report from the Commercial and Investment Committee meeting on 06 June 2018.

## **9 Enabling Works Contracts Portfolio Paper (HS2B\_18-53)**

- 9.1 The Board discussed the position on the Enabling Works Contracts following briefings which had been given to the Commercial and Investment Committee and Programme Committee in February 2018 on the portfolio programme.
- 9.2 The three Enabling Works Contracts were awarded in November 2016, with the Baseline 6.1 budget formed by the Point Estimate and P50 contingency budget. At the time of reporting,

management of the works continues to the Point Estimate as P50 contingency has not been allocated.

9.3 The HS2 Board were requested to:

9.3.1 Approve the allocation of [REDACTED] P50 risk budget to allow HS2 to continue to award critical Work Packages to EWC in Areas South and Central up to October 2018.

9.3.2 Approve that [REDACTED] P50 risk budget of this total is allocated to Phase One Change and Investment Panel to manage uncertainty on these packages at a EWC portfolio level. This was supported by the Red Team Review.

9.4 The Board noted that Management will return to the Board in October 2018 and that this request has been brought as the best Value for Money approach in order to allow more time to develop work scope.

9.5 The Board noted further detail on the contracting strategy will be developed in this time.

9.6 The Board approved the requests and requested the following information return with the October update:

9.6.1 Visibility of the plan for systems and controls;

9.6.2 Continued understanding that the overall budget will be within the P50 budget (with the P50 contingency included);

9.6.3 What milestones will be tracked with clear objectives for greenfield impacts and what the float/ schedule implications will be for Main Works Civils Contracts (MWCC) and consequences for scope;

9.6.4 Reporting on the rate/ glide path for drawdown of contingency for overall EWC at P50.

9.7 The Board noted that Area North has sufficient budget authority through to October 2018.

9.8 The Board noted a specific Land and Property paper will be developed to address the changes in land-take strategy currently being considered.

## **10 Main Works Civils Contracts Update: Progress at Gateway 3, stage 1 and Baseline 7.0 (HS2B\_18-54)**

10.1 The Board received a summary of the Main Works Civils Contracts (MWCC) Gateway 3 (GW3) progress and follow up plan.

10.2 The Board received a recommendation with rationale to extend the MWCC Stage 1 duration to allow more time to develop the engineering solutions to ensure best cost and schedule outcomes as reported through GW3, whilst considering the requirements of Baseline 7.0.

10.3 The Board were requested to:

- 10.3.1 Approve the extension to the Stage One timescale, moving completion (Gateway 6) from 30th November 2018 to 31st January 2019 to allow more time between Gateway 3 and 4 to develop and optimise the design. This will have the impact of moving the start of MWCC Stage 2 (commence detailed design and construction) from 1 March 2019 to 1 June 2019.
  - 10.3.2 Approve additional budget for the extended Stage One timescale to allow further development activity [REDACTED] (2Q18).
  - 10.3.3 Approve the proposal to undertake further design development activities and Long Lead procurement activities / commitments whilst in Stage One. The initial request relates to the procurement of C1 Chiltern Tunnels Tunnel Boring Machines and ancillary equipment [REDACTED] (2Q18)
  - 10.3.4 Approve the revised Baseline 7 and Final Business Case timeline as a result of extending MWCC stage 1 duration.
- 10.4 The Board approved the above requests.
- 10.5 The Board were further requested to approve a pipeline of requests to be delegated to HS2 Commercial and Investment Panel.
- 10.6 This request was not approved with the Board instead asking for Management to return to the July Board for review of the position prior to BICC submission/ attendance.

## **11 Phase 2a Additional Provisions 2 Design Development Changes (HS2B\_18-55)**

- 11.1 The Board noted continued work from the Phase 2a team to develop design with the aim of updating the Bill via Additional Provisions (AP) in order to ensure the Bill contains the powers necessary for construction and operation.
- 11.2 This work has involved updating the design for utility works, following further information from utility companies.
- 11.3 The Board were asked for approval for nine changes, with a net saving of [REDACTED], in order to include them in Additional Provision 2 (AP2).
- 11.4 The Board approved the request, noting the feedback from of CIC.

## **12 Report from Audit and Risk Assurance Committee 09 May 2018 (HS2B\_18-56)**

- 12.1 The Board noted the minutes from the Audit and Risk Assurance Committee held on 09 May 2018.

## **13 Nominations Committee (HS2B\_18-57)**

13.1 The Board received an update from the Chair of the Nominations Committee who will write to the Director of General Resources and Strategy in the DfT.

## **14 Update from Remuneration Committee 13 June 2018 (HS2B\_18-58)**

14.1 The Board noted the update from the Remuneration Committee held on 13 June 2018

14.2 **The Board will receive a verbal update on Freedoms and Flexibilities following the initial discussion at the Shareholder Board.**

**Action: Mark Thurston**

14.3 **The briefing note provided to the Committee will be shared with the Board**

**Action: [REDACTED]**

## **15 Update from Health, Safety and Environment Committee 13 June 2018 (HS2B\_18-59)**

15.1 The Board noted the update from the Health, Safety and Environment Committee held on 13 June 2018.

## **16 Corporate Affairs Report (HS2B\_18-60)**

16.1 The Board noted the Corporate Affairs and Community Engagement report for May activities.

## **17 Board Future Workload (HS2B\_18-61)**

17.1 The Board noted the future workload and noted that further work was being undertaken to determine the workload of the August Board.

## **18 Chair's Report (HS2B\_18-62)**

18.1 There were no additional items raised by the Chair.

## **19 AOB**

19.1 There were no additional items of business raised.