

Meeting minutes

HS2 Ltd Board

Paper No HS2B_19-071

Meeting date Wednesday, 28 August 2019
Meeting location Room 6.1, Two Snowhill, Birmingham
Meeting time 09:00 – 16:00

Members	Attendees	Apologies
Allan Cook Non-Executive Chairman	[REDACTED] Phase Two Project Controls Director	Michael Bradley Chief Financial Officer
Mel Ewell Non-Executive Director	Jim Crawford (item 08) Phase One Managing Director	Judith Hackitt Non-Executive Director
Stephen Hughes Non-Executive Director	Nicole Geoghegan General Counsel	
Roger Mountford (via conference call) Non-Executive Director	Emma Head (item 09) Safety and Assurance Director	
Richard Robinson Chief Operating Officer	[REDACTED] Programme Director (change programme)	
Ed Smith Non-Executive Director	[REDACTED] Trusted Advisors Partnership	
Mark Thurston Chief Executive Officer	[REDACTED] Programme Director Area North	
	[REDACTED] DfT Observer	
	[REDACTED] PMO Director	
	Non Owen Company Secretary	
	[REDACTED] Rail Systems Senior Procurement Lead	
	[REDACTED] Procurement and Supply Chain Director	

Signed

Chair Allan Cook

Date

1 Welcome, Declarations of Interests and Values Moment

- 1.1 The Board noted that apologies had been received from Judith Hackitt and Michael Bradley.
- 1.2 There were no additional declarations of interest to record on the register.
- 1.3 The Board received a values moment from Stephen Hughes regarding leadership following previous organisational experience and the responsibility of leadership as a deliverable from the full organisation for maximum success.
- 1.4 The Chairman reflected on his attendance at the Values Awards lunch, recognising members of the business who had been nominated and recognised with Values Awards. The event was received positively, providing a good opportunity to engage with the business.

2 Minutes of the previous meeting and matters arising (HS2B_19-058 and HS2B_19-059)

- 2.1 The Board agreed the minutes of the meeting on 31 July 2019 as a true record.
- 2.2 The Board noted the status of the actions.
 - 2.2.1 Action 19/021: Board site visits: It was agreed that scheduling of an offsite visit at High Speed 1 would be issued in diaries before the end of the calendar year.

3 Chair Report (HS2B_19-060 and HS2B_19-061)

- 3.1 The Chairman gave the Board an overview of his engagement activities over the month.
- 3.2 The Board welcomed [REDACTED] to the meeting who provided an overview of the Board Effectiveness Review, the findings and emergent themes.
- 3.3 The following key points were raised and noted:
 - 3.3.1 The Board has gone through a number of changes to Membership over the previous year and as such the intention of the effectiveness review was to focus on the future;
 - 3.3.2 A series of open and honest conversations had been achieved with the participants of the review;
 - 3.3.3 Themes and observations of the review included the Board being focussed to spend time on critical path items and asking the right questions of management;

- 3.3.4 The Board requested a review of any comparable organisation structures to inform a comparison with structure and working practices for HS2 Ltd;**
- 3.3.5 The review is not intended to create any additional layers of governance/process but should inform whether there might be appropriateness for task and finish groups on certain issues.**

Action: Nicole Geoghegan

- 3.3.6 The Board noted the scheduled review of papers and content provided to the Board;
 - 3.3.7 Company Secretariat will review the induction approach for Directors, including capture of wider exposure to capital projects;
 - 3.3.8 Company Secretariat have reviewed the Terms of Reference for the Commercial and Investment Committee and will make a proposal to the September Board to introduce delegations at this forum;
 - 3.3.9 A further review and briefing on governance will be taken to the October Board meeting;
 - 3.3.10 The organisation has moved on in maturity from a starting point of building process and rigour and should remain iterative as the project moves through stages;
 - 3.3.11 The Board noted that the Chairman will appoint a Senior Independent Director to the Board. The Department for Transport Shareholder function will be notified in correspondence; and
 - 3.3.12 The Executive Committee are progressing through an Effectiveness Review and there will be a proposal for how the Executive and Non-Executives can develop ways of working.
 - 3.3.13 The Board noted the report and thanked the facilitator for the work on the review. The Board will review the actions resultant, at the next Board meeting, and periodic review of implementation will be reported to the Board.
 - 3.3.14 The Board agreed that the DfT Board Observer would have a standing item at each board to update on Department matters.
- 3.4 The Board noted that the Non-Executive Director recruitment campaign has been paused until the conclusion of the Oakervee review.
 - 3.5 The Board noted the update on the implementation of recommendations to the Chairman's Stocktake.
 - 3.6 The following key points were raised and noted:

- 3.6.1 The Executive have reviewed and prioritised the actions to address recommendations in order to continue momentum with existing work and avoid any potential nugatory work;
- 3.6.2 Non-Executive Directors have been suggested against implementation actions and will be engaged by the business to provide support; and
- 3.6.3 The Board requested that there be a prompt for a formal response to the Chairman on the Stocktake.**

Action: [REDACTED]

3.7 The Board received a verbal update from the Department for Transport (DfT) Observer on key updates since the last Board meeting. The following key points were raised and noted:

- 3.7.1 The Oakervee Review has been formally commissioned and launched as at 21 August 2019. The Department for Transport and HS2 Ltd will provide input and controlled interface into the review;
- 3.7.2 At the time of the Board meeting, the review is scheduled to conclude by [REDACTED] so as not to impact programme;
- 3.7.3 A suite of documents is being prepared in reserve to support the review; and
- 3.7.4 The National Audit Office continue their Value for Money review. Reports will be issued to the DfT and HS2 Ltd in parallel.
- 3.7.5 The Board noted the update.

3.8 The Board requested an update on the formal correspondence from the Department regarding [REDACTED]

Action: [REDACTED]

4 CEO Report (HS2B_19-062 and HS2B_19-063)

- 4.1 The Board noted the Management Information and report from the CEO for activity since the previous Board meeting.
- 4.2 The following key points were raised and noted:
 - 4.2.1 The Board requested further detail on the reported Health, Safety, Security and Environment issues with the reasoning behind incidents and resolutions where these are reported in the month.**

Action: Mark Thurston

- 4.2.2 **The Board discussed the appointment of the West Coast Partnership Franchise and discussed the value of inviting First Group/ Trenitalia to a**

future meeting. In the short term it was agreed that the principles of the collaboration agreement will be shared with the Board.

Action: Company Secretariat

4.2.3 The Board noted the key programme highlights which have been escalated through the month.

4.3 The Board noted the update.

5 Update from Extraordinary Audit and Risk Assurance Committee 13 August 2019 (HS2B_19-064)

5.1 The Board received an update from the Chair of the Audit and Risk Assurance Committee following the extraordinary meeting on 13 August 2019.

5.2 The meeting had been called in order for the Members of the Audit and Risk Assurance Committee to provide challenge to the assurance of the HS2 Improvement Programme and Phase 1 Baseline 7.

5.3 The meeting was attended by the Committee Members, Management, [REDACTED] and Project Representative.

5.4 The following key points were raised and noted:

5.4.1 The Committee Chair had concluded the review of the HS2 Improvement Programme session with confirmation of satisfaction with the work done to date;

5.4.2 The Board noted the trajectory to Notice to Proceed and close out of capability activities, with cognisance of the scheduled change to organisational structure. Mitigation of risks for changes to personnel, knowledge and experience will be key. As the organisation grows, there is continuous need for integration within the business;

5.4.3 Subject to the outstanding information received by the Audit and Risk Assurance Committee at the time of reporting, and list of conditions precedent achieved, there was satisfaction that activities remain on track; and

5.4.4 The Committee noted the significant amount of work done by the Programme Management Office Director and her team for the HS2 Improvement Programme work and commended this as a legacy piece for wider government.

5.4.5 The Board noted the interim Assurance Statement for Phase 1 Baseline 7 to support further actions prior to the September Board submission and associated assurance processes.

- 5.4.6 The Committee had reviewed the progress to risk, scope, cost, benchmarking and [REDACTED]
- 5.4.7 At the time of reporting to the out of cycle meeting [REDACTED]
[REDACTED]
[REDACTED].
- 5.4.8 The Committee Chair advised the Board that a key area of focus will be risk allocation, particularly where these have been included as Risk items in the formulation of contingency and not included in the Point Estimate (PE).
- 5.4.9 Progress on actions will continue prior to the September Board meeting however there will be some actions with regard to risk and integration scheduled between now and Notice to Proceed.
- 5.4.10 The Chair of the Committee advised the Board that there will be opportunity for the Board to set conditions to be met in the event of residual actions.
- 5.4.11 The Board requested that Management provide a definition of the Point Estimate.**

Action: Richard Robinson

5.5 The Board noted the update.

6 Report from Commercial and Investment Committee 20 August 2019 (HS2B_19-065)

- 6.1 The Board noted the summary report and received an update from Mel Ewell following the meeting on 20 August 2019.
- 6.2 The Board noted that the Committee had considered two papers at the meeting. The following key points were raised and noted:
- 6.2.1 The Committee had considered a paper under delegations granted by the HS2 Ltd Board, for approval of a Package Procurement Plan for critical Ground Investigation Works for Phase 2a.
- 6.2.2 In consideration of the decision on behalf of the Board, the Committee requested the possibility of a set of principles or parameters to test such decisions, in order to conduct a more holistic analysis across existing and future procurements to identify any dependencies and consider risks.
- 6.2.3 Under the delegations granted by the HS2 Board in April 2019, the Committee approved the Package Procurement Plan for critical Ground Investigation packages at an estimated value of [REDACTED]

6.2.4 The Committee had considered the Package Procurement Plan and Pre-qualification Pack [REDACTED] prior to Management seeking approval and release from the HS2 Ltd Board.

6.2.5 The Committee recommended the revised package for Board consideration however queried the timeframes for proceeding to formal release to the market on this topic, which would be discussed with Management on consideration of the paper at item 07 ([REDACTED] Package Procurement Plan (PPP) and Pre-qualification Pack (PQP)).

6.3 The Board noted the update.

7 [REDACTED] Package Procurement Plan (PPP) and Pre-qualification Pack (PQP) (HS2B_19-066)

7.1 The Board received and noted the paper seeking approval of the [REDACTED] [REDACTED] Package Procurement Plan (PPP), the approval and release of the Pre-qualification Pack (PQP) and the approval of the proposed delegations for forthcoming stages of the procurement.

7.2 The Board discussed the revised approach following an industry day which was positively received.

7.3 The revised approach provides opportunity for a [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

7.4 The Board provided approval for Management to begin market engagement for progress to release of the Pre-qualification Pack (PQP) and Invitation to Tender (ITT).

7.5 The Board requested that there be a further update paper taken to the Commercial and Investment Panel to consider feedback of the market engagement and timing of release. Should there be anything material, this would return to the Board for consideration.

7.6 It was agreed that the paper would be submitted the Client Board for information.

8 [REDACTED], Gateway 6 and an update on the [REDACTED] (HS2B_19-067)

8.1 The Board received and noted the paper providing update on the proposals for [REDACTED] [REDACTED], MWCC Gateway 6 (GW6) and the [REDACTED]

- 8.2 The Board reviewed version nine of the Plan to Notice to Proceed (NTP) and timeline.
- 8.3 At the time of reporting to the Board, Management were waiting for the [REDACTED] submissions from the Main Works Civils Contractors, continuing with Line of Defence (LOD) assurance, and in parallel preparing information for consideration and approval by the Board at the September Board meeting.
- 8.4 The Board noted and agreed to the movement of Gateway 6 to October 2019.
- 8.5 The Board noted that the Members of the Audit and Risk Assurance Committee are providing scrutiny and challenge to Management on the BL7 deliverables.
- 8.6 **The Board noted and requested the definitions of Notice to Mobilise and Notice to Proceed, and asked for optionality to be provided should Management seek Board approval to award Notice to Mobilise to any of the Contractors ahead of Notice to Proceed.**

Action: [REDACTED]

- 8.7 **The Board noted the update on negotiations with the Contractors and requested a change in language regarding fees to reflect that the intended result is for a balance of aggregate fees to allow for equality of incentivisation.**

Action: [REDACTED]

- 8.8 The Board noted the update and thanked the outgoing Managing Director of Phase 1 for his work and contribution to the organisation over his tenure.

9 HS2 Improvement Programme and [REDACTED] (HS2B_19-068)

- 9.1 The Board noted and received an update on the HS2 Improvement Programme and [REDACTED] work streams following an update in July 2019 on the objectives and progress to date.
- 9.2 The Board will be asked to formally endorse the outcomes of the Enterprise Capability Assessment following the conclusion of Line of Defence (LOD) 1, 2 and 3 assurance.
- 9.3 To support the decision, the Board will be provided with:
- 9.3.1 Independence Assurance Panel (IAP) LOD3 Assurance Opinion;
 - 9.3.2 The Audit and Risk Assurance Committee LOD 2 Assurance Opinion;
 - 9.3.3 LOD2 Executive Summary; and
 - 9.3.4 LOD1 Executive Summary, including update on progress against LOD1 'Conditions Precedent' for Notice to Proceed and an update on [REDACTED].

- 9.4 There will be a briefing provided to the Department for Transport Client Board in October 2019.
- 9.5 Management confirmed that at the time of presenting to the HS2 Ltd Board there are no 'Conditions Precedent' which require escalation for Board attention.
- 9.6 The Board noted the update on the [REDACTED] work stream and the focus for simplicity, so to give clear role and responsibilities and accountability for optimum delivery of construction.
- 9.7 The Board noted the intention for iterative adaptation to the [REDACTED] to allow for systems integration changes, for example.
- 9.8 The Board noted the update.

10 Phase 2b Control Point 2.1 Estimate (HS2B_19-069)

- 10.1 The Board received an update with regard to the direction of travel for Phase 2b Control Point 2.1 Capital Cost Estimate.
- 10.2 The Board noted that at the time of reporting the position includes new scope and the [REDACTED].
- 10.3 The Board received a presentation covering the scope of values presented, exclusions, rationalisation of costs and third party scope.
- 10.4 The Board noted design development and value engineering top values.
- 10.5 The Board noted at the time of reporting, outstanding matters remain on Line of Defence assurance checks, Control Point 3 emerging position, indirects and Land and Property.
- 10.6 The Board noted the update.

11 Priorities for September Board to be agreed with the Chair and CEO (HS2B_19-070)

- 11.1 The Board noted the forward look of topics to be considered by the Board. Content for the September Board will be considered and agreed with the Chairman.

12 Any Other Business

- 12.1 There were no additional items of business raised for discussion.

- 12.2 A post Board meeting with Non-Executive Directors and the DfT observer only was held to discuss the day's meeting.