

# Meeting minutes

## HS2 Ltd Board

**Meeting date** Wednesday, 29 July 2020

**Meeting location** MS Teams Meeting

**Meeting time** 09:00-16:30

Members	Attendees	Apologies
Allan Cook (Chairman) Non-Executive Director	[REDACTED] Stations Senior Project Manager	
Michael Bradley Chief Financial Officer	David Bennett (item 08, 14 and 15) Delivery Director	
Mel Ewell Non-Executive Director	[REDACTED] Land and Property Director	
Tom Harris Non-Executive Director	[REDACTED] Head of Enterprise Capability Programme	
Judith Hackitt Non-Executive Director	[REDACTED] Stations and Phase 2 Procurement Director	
Elaine Holt Non-Executive Director	[REDACTED] Phase One Project Controls Director	
Stephen Hughes Non-Executive Director	Nicole Geoghegan General Counsel	
Ian King Non-Executive Director Secretary of State for Transport's Representative	Neil Hayward (item 04) HR Director	
Roger Mountford Non-Executive Director	[REDACTED] Chief Security and Resilience Officer	
Ed Smith Non-Executive Director	[REDACTED] DfT Observer	
Mark Thurston Chief Executive Officer	Kevin McGreal (item 07) Interim Safety and Assurance Director	
	[REDACTED] Programme Management Office Director	
	[REDACTED] Head of Risk	
	Non Owen (minutes) Company Secretary	
	[REDACTED]	

	Phase Two Commercial Director	
	Tim Smart (item 13 and 16) Phase Two Managing Director	
	Aileen Thompson (item 05) Strategic Director of Stakeholder Engagement	

## 1 Welcome, Declarations of Interest and Values Moment

- 1.1 The Chairman welcomed Tom Harris, Elaine Holt and Ian King, the recently appointed Non-Executive Directors (NEDs), to their first HS2 Ltd Board meeting.
- 1.2 Newly appointed NEDs have completed the Register of Business Interests with the Company Secretary in agreement with the Chairman. The central Register will be updated and published on the Company website.
- 1.3 It was noted that there were no conflicts to manage for the meeting.
- 1.4 The Board received a values moment from Judith Hackitt regarding equality, diversity and inclusion (EDI). The Board noted that Judith Hackitt is the Board champion for EDI and has joined the steering group, providing visibility of the positive initiatives running in the business.
- 1.5 The Board were recommended the book "Why I'm No Longer Talking to White People About Race".

## 2 Minutes of the previous meeting and matters arising (HS2B\_20-046 and HS2B\_20-047)

- 2.1 The Board agreed the minutes of the meeting on 24 June 2020 as a true record.
- 2.2 The Board noted the status of the actions.
- 2.3 The Board noted the proposed schedule of Briefings for action 20/009, action 20/012, action 20/013, action 20/018 and action 20/019.
- 2.4 The Board discussed the level of activity undertaken by the Board, including that of Sub-Committees of the Board, Board Briefings and wider informal sessions with the business.
- 2.5 Recent correspondence received from the Secretary of State for Transport regarding HS2 Phase 2b Governance, will be shared with the Board following the meeting. The Board noted that in the correspondence there is an incorrect reference to the amount of time the Board have spent on Phase 2b matters and this will be clarified by HS2 Ltd in the response to the letter.
- 2.6 **The Board were reminded that there was previously a quarterly review of activities and time spent on matters reported to the Board but that this is now captured with the**

**forward look. Agreement of how time spent on items by the Board can be clearly captured will be further considered.**

**Action: Non Owen/ Allan Cook**

### **3 Chair Report including SRO Update (HS2B\_20-048)**

- 3.1 The Board noted the report from the Chairman of the Board covering his engagement activities over the month.
- 3.2 The Board noted the activities of the Ministerial Task Force Meeting during June and July.
- 3.3 The inaugural meeting of the Ministerial Taskforce on the Integrated Rail Plan for the North and Midlands (20) 01 took place on Tuesday 21st July. Stephen Hughes is the nominated HS2 Ltd Board representative on this Board.
- 3.4 The Board noted that agreement for recruitment of the permanent Phase One Delivery Director and the Commercial Director remain outstanding from the Secretary of State for Transport. The Board noted that the Chairman has requested a meeting with the Secretary of State for Transport, which at the time of the meeting, was yet to be arranged.
- 3.5 The Board noted the inaugural meeting of the Euston Board held on Monday 27 July. The meeting was chaired by Sir Peter Hendy and was attended by HS2 Ltd CEO, with HS2 Ltd Board representation from Ed Smith.
- 3.6 The Board noted the update.
- 3.7 A verbal update was provided from the Department for Transport (DfT) Senior Responsible Owner (SRO). The following key points were noted:
  - 3.7.1 DfT are working with HS2 Ltd on governance and meetings, including the Ministerial Task Force and the Integrated Rail Plan meetings;
  - 3.7.2 The Board noted the Management Information review conducted by Ian King and the progress report produced, giving an assessment of performance against two themes set out in the brief:
    - 3.7.2.1 Opportunities to accelerate the reporting timescales; and
    - 3.7.2.2 Strategic review of content, structure and overall approach to reporting.
  - 3.7.3 The Board noted the planned publication of 6-monthly Parliamentary reports, the first of which will be in October 2020;
  - 3.7.4 There is continued review of infrastructure projects within the department, with "Project Speed" being led by [REDACTED]; and
  - 3.7.5 The Board noted that a Spending Review has been announced, where submissions will be required from various government departments including HS2 Ltd back to HM Treasury. Timescales for submissions have yet to be established.
- 3.8 The Board noted the updates.

## 4 Enterprise Capability Update (HS2B\_20-049)

- 4.1 The HR Director and the Head of Enterprise Capability Programme joined the meeting.
- 4.2 The Board received an update on the progress of Level 4 (L4) Capability areas, [REDACTED]  
[REDACTED]  
[REDACTED]
- 4.3 The Board were asked to:
- 4.3.1 Note the progress and confidence of achieving L4 in remaining 12 capability areas;
  - 4.3.2 Note the decision made by the Capability Steering Group (CSG) to revise the L4 target assessment dates for Project Management and Logistics;
  - 4.3.3 [REDACTED]  
[REDACTED] and
  - 4.3.4 Note the outputs and differences that L4 will contribute to HS2 Ltd becoming a high performing organisation.
- 4.4 The following key points were raised and noted:
- 4.4.1 The Board were advised that following achievement of Level 3 (L3) Capability as a minimum requirement for Notice to Proceed the update provided was to demonstrate progress for embedding capability after implementation;
  - 4.4.2 The Board noted that capability areas at risk are being assessed with capability leads;
  - 4.4.3 [REDACTED]  
[REDACTED]  
[REDACTED]
  - 4.4.4 It was agreed that the background information and context for the capability levels be shared with the Board in order to remind Board Members of the definition, assessment methodology and monitoring;**  

**Action: Neil Hayward**
  - 4.4.5 The HR Director advised the Board that some of the scrutiny being given to the capability areas is regarding the [REDACTED]  
[REDACTED]
  - 4.4.6 The Board noted that there is no external assessment, as was done for L3 capability, but that independent internal audit will provide assurance and the Audit and Risk Assurance Committee will be utilised to hold Management to account;
  - 4.4.7 The Board noted the update as a commissioned quarterly update for the Board and Management will give further consideration for the next session on how to give the Board assurance on progress;
  - 4.4.8 It was noted that the Major Projects Review Group (MPRG) have requested further visibility of enterprise capability and it was agreed that the Chairman, CEO and DfT SRO would give consideration on how to respond to this; and**

4.4.9 The Board discussed the work from home environment which further adds complexity to robustly demonstrate L4 capability.

4.5 The Board noted the update.

## 5 CEO Report (HS2B\_20-050 and HS2B\_20-051)

5.1 The Strategic Director of Stakeholder Engagement joined the meeting.

5.2 The Board noted the Management Information and report from the CEO.

5.3 The following key points were raised and noted:

5.3.1 Review of the COVID-19 environment remains ongoing with wellbeing pulse check surveys being assessed for staff appetite to return to offices. An all staff call has been held to make it clear to staff that the current status continues to offer choice of returning to offices;

5.3.2 A review of office capacity is ongoing with how this can be taken to 50% capacity;

5.3.3 Executive and Senior Leadership Teams will start to return to offices, scheduled appropriately;

5.3.4 Work with the supply chain remains business as usual and an Executive discussion of productivity with the supply chain will be scheduled with progress reported to the Board;

5.3.5 There is ongoing engagement with the HS2 Minister who has been briefed on Project Speed and has been given assurance on Land and Property activities;

5.3.6 The Executive continue to review driving momentum from Notice to Proceed and how workstreams are planned and prioritised;

5.3.7 The CEO continues to engage in meetings with various Unions;

5.3.8 Review of environmental sustainability and carbon continues, following comments on the Annual Report and Accounts, and the documents the company uses to provide a balanced narrative;

5.3.9 There will be continued engagement with the Environment Director and Environment Agency to develop how the company can embed their initiatives into the organisation. The possibility of a dedicated forum will be explored together with how to engage external stakeholders on this work;

5.3.10 The review of any forum will ensure that there is no cross over of responsibilities with existing forums; and

5.3.11 The Board supported the proposal that environmental sustainability and carbon targets should be a core value and Key Performance Indicator for the organisation which should have its own integrated reporting.

- 5.4 The Board received an update from the Strategic Director of Stakeholder Engagement, noting the following:
- 5.4.1 Communications continue to be released from the business on local and regional levels to give the narrative of carbon, construction and capacity, together with job creation generated from the Programme and the role in economic recovery;
  - 5.4.2 The Board noted that the Communications Leadership Forum continues to meet with NED engagement at these meetings;
  - 5.4.3 Management Information, metrics and drivers for reputation, with lead and lag indicators is continuing to be refined through the Communications Leadership Forum. This information can then be reported to the Board, planned for September 2020 onwards;
  - 5.4.4 [REDACTED]
  - 5.4.5 The Board noted that the final draft of the Corporate Plan has been shared with the Secretary of State for Transport prior to publication.
- 5.5 The Board received an update from the CFO covering finance and spend in the month, noting the following:
- 5.5.1 The Board noted the spend in the month following mobilisation of the Joint Ventures as reported in the monthly Management Information pack;
  - 5.5.2 The Board noted direct Programme underspend in the month reflecting the impact of COVID restrictions across the Client Services and Civils Client portfolios;
  - 5.5.3 The Board noted Land and Property Capital expenditure above the Quarter 1 target largely due to schemes and statutory blight cases in Phase 2 being brought forward and an increase in Compulsory Purchase Order cases;
  - 5.5.4 The CFO advised that the Annual Report and Accounts have been successfully filed and expressed thanks to the Audit and Risk Assurance Committee and HS2 Ltd Board for their engagement and review of the document;
  - 5.5.5 The Board referenced the Management Information provided with the update and advised Management that the Board were not in agreement of the green RAG rating provided for Phase 1 in the report;
  - 5.5.6 Management will cover in more detail key issues from the Management Information in the delivery update tabled at item 08 in the Board meeting.
- 5.6 The Board noted the updates.

## **6 Phase 1 QRA Progress Update (HS2B\_20-052)**

- 6.1 The Programme Management Office Director, the Phase One Project Controls Director and the Head of Risk joined the meeting.

- 6.2 The Board received an update on progress to complete a revised Quantitative Risk Analysis (QRA) for Phase 1.
- 6.3 The Board were asked to note the progress made to date and provide feedback on the initial draft Quantitative Cost Risk Analysis (QCRA) outputs.
- 6.4 The following key points were raised and noted:
- 6.4.1 The CFO advised the Board, for the benefit of newly appointed NEDs, that the QRA refresh was a commitment made in run up to NTP to the MPRG, [REDACTED]
  - 6.4.2 The refresh of the QRA has been run with a more simplified approach;
  - 6.4.3 The QRA is an exercise to give greater clarity on the target price and what mitigation programme is needed going forward to manage the Programme with allocated contingency;
  - 6.4.4 The exercise has considered the changes between Phase 1 Baseline 7 to current date;
  - 6.4.5 The Main Works Civils Contracts (MWCCs) have been reviewed but there has not been a revisit of the bottom up MWCC risks. These have been taken from the Commercial Model submitted by the MWCCs and summarised into four line items;
  - 6.4.6 Management advised that assurance is [REDACTED]
  - 6.4.7 The Board were provided with updated information during the meeting, providing an overview of the initial draft QRA outputs as a draft direction of travel. Management will spend the next few weeks to stress test the outputs in detail;
  - 6.4.8 The Board noted the key highlights in the interim position which has been supported by several Executive challenge sessions and a less complex risk model, which has resulted in a changed risk curve;
  - 6.4.9 The Board noted that the comparison with Reference Class Forecasting (RCF) will follow the QRA work;
  - 6.4.10 Schedule implications will also need to be reviewed as the QRA being run is on cost only. Schedule risk and critical paths will be reviewed and will require input from the supply chain, anticipated by Quarter 4 of the financial year;
  - 6.4.11 The Board reiterated the importance of the clear narrative of point estimate, pricing points and inputs to the work;
  - 6.4.12 It was agreed that there needs to be understanding of the component parts of the Programme as a benchmark and the budget allocated for each of them;
  - 6.4.13 The Board noted the next steps to be taken prior to a further paper to the August Board meeting. The paper will cover cost and Management consider it prudent to undertake a review of the QRA on a 6-monthly basis;
  - 6.4.14 Management confirmed that the DfT have been engaged on the opportunities in the model which have been agreed on a line by line basis with the DfT. A session with the DfT SRO was offered;

6.4.15 The DfT SRO requested that Management consider any areas of the Programme which could be delivered quicker; and

6.4.16 The Board commended the level of work to this point.

6.5 The Board noted the update.

## **7 Protestor Activity (HS2B\_20-053)**

7.1 The Interim Safety and Assurance Director and the Chief Security and Resilience Officer joined the meeting.

7.2 The Board received an update on protestor activity.

7.3 The Board were asked to note that HS2 Ltd has experienced a significant increase in protestor action since autumn 2019. This is now having a direct effect on cost and schedule and [REDACTED]

7.4 The following key points were raised and noted:

7.4.1 The Board received a presentation of a video during the meeting highlighting the level and complexity of protestor activity taking place along the line of route;

7.4.2 [REDACTED]

7.4.3 The Board noted that the presentation has been shared with the Ministerial Task Force due to the multi-faceted implications of this activity;

7.4.4 Management confirmed that the handling strategy has been discussed with the Head of Media, CEO and Chief Security and Resilience Officer but this needs to be carefully managed to avoid unintended consequences;

7.4.5 A statement of the anticipated cost consequence of the activity needs to be handled sensitively; and

7.4.6 The Board noted the open action assigned to the Chief Security and Resilience Officer and a full update will be available at the August Board meeting.

7.5 The Board noted the update.

## **8 Phase 1 Delivery Performance (HS2B\_20-054 and HS2B\_20-055)**

8.1 The Delivery Director, Phase One Project Controls Director and Land and Property Director joined the meeting.

8.2 The Board received an update from the Delivery Director on Programme Delivery in the month, noting the following:

8.2.1 The Board noted the update from the Delivery Director on Health and Safety incidents during the period, noting that a meeting between Mel Ewell and Judith Hackett would be arranged to discuss the findings further;

8.2.2 [Redacted]

**Action: David Bennett**

8.2.3 The Phase One Project Controls Director referred the Board to the Management Information on Performance Overview and introduced for the benefit of the new NEDs, what information is reported;

8.2.4 The Board noted the 2020/2021 Business Plan Milestones, four of which are showing completed or forecast late for the reporting period. Management provided the Board with an update of each Milestone and advised that for those Business Plan Milestones reporting red, that there were mitigations to manage the impact as containable at the time of reporting;

8.2.5 The Board noted the Baseline 7.1 Schedule Critical Areas of which Management advised would remain fairly static in reporting;

8.2.6 [Redacted]

8.2.7 The Board noted that different aspects for Euston are expected to remain on the critical path due to the level of complexity;

8.2.8 The Phase One Project Controls Director summarised the Current Cost Forecast Analysis advising that there has been significant activity to review the commercial environment, [Redacted]

8.2.9 It was agreed that should any of the new NEDs require a further briefing on the Management Information this would be facilitated by the Delivery Directorate;

8.2.10 The Board noted that cost trends will not appear in Cost Performance Indicator (CPI) data until they have been through and validated by the change process. Management reminded that CPI is a lag indicator and the information should be viewed with both a backward and forward looking aspect;

8.2.11 The Board noted residual funds reported. Management advised that these are from a further provision of the point estimate through Baseline 7 work. The amount remains as budget with no allocated scope and will be used to offset negative trends should this be required;

8.2.12 Management confirmed that this amount is not allocated to offset existing cost pressures, and that the projects will draw on their own contingency to deal with cost pressures. Any additional remaining allocated contingency will be added to the residual amount; and

- 8.2.13 The Board noted the spotlight on success update provided from Delivery Directorate on Old Oak Common and Euston handover works.
- 8.3 The Board received an update from the Land and Property Director who reminded the Board that the update was being provided as part of the quarterly sequence commissioned by the Board.
- 8.4 The following key points were raised and noted;
- 8.4.1 The Land and Property Director provided updates regarding:
- 8.4.1.1 Impacts seen as a result of COVID-19;
  - 8.4.1.2 Progress made through the lockdown with revised protocols, with the backlog now substantially cleared;
  - 8.4.1.3 Focus on [REDACTED]
  - 8.4.1.4 Phase 2a Readiness progressing alongside hybrid Bill; and
  - 8.4.1.5 The [REDACTED]  
[REDACTED]
- 8.4.2 The Land and Property Director advised that the Directorate have reviewed and refreshed Key Performance Indicators and Management Information which will be available for inclusion in Board reporting. It was agreed that this Management Information will be added to the Board Portal for the Board;**
- Action:** [REDACTED]
- 8.4.3 The Board noted that the phase 2a Hybrid Bill activities have recommenced;
- 8.4.4 The Land and Property Director advised the Board of the successful conclusion of the year end audit with the National Audit Office, the outcomes of which have been positive with much improvement recognised in the year. The Board congratulated the Directorate for the work in this area;
- 8.4.5 The Board noted that the scale of delivery for the Land and Property team is unprecedented, noting the key statistics slide;
- 8.4.6 The Board discussed management of risk at the portfolio level and how the organisation can retire risk to release contingency. Management advised that this is currently being explored, together with the Quantitative Cost Risk Analysis work in order to identify when risks will be crystallised as an efficiency or saving. This will be tested over the next quarter; and
- 8.4.7 The Board noted a fuller update would be available [REDACTED]  
[REDACTED] It was noted the rules of engagement have been agreed around the workstream.
- 8.5 The Board noted the updates.

## 9 Report from the Health, Safety, Security and Environment Committee 25 June 2020 (HS2B\_20-056)

- 9.1 The Chair of the Health, Safety, Security and Environment Committee provided a verbal update from the meeting held on 25 June 2020.
- 9.2 The following key points were raised and noted:
- 9.2.1 The Board noted that a review of the forum has concluded and the new format and provision of more corporate oversight to the meeting was gaining traction.
- 9.2.2 The Board noted the open Board action regarding High Potential incidents, and it was agreed that Elaine Holt will be asked to engage with the review;**
- Action: David Bennett**
- 9.2.3 The Board had been provided with the presentation received by the group on Air Quality which had been considered by the Committee;
- 9.2.4 The Committee received an update from the Head of Occupational Health and Wellbeing on people health and wellbeing initiatives in the organisation; and
- 9.2.5 The Committee had commissioned and received an update on the prioritisation of 'catastrophic H&S risks' (or threats) in existing risk processes in order to reduce the probability and impact of their occurrence.
- 9.3 The Board noted the update.

## 10 Report from the Commercial and Investment Committee 16 July 2020 (HS2B\_20-057)

- 10.1 The Board received and noted the report from the Chair of the Commercial and Investment Committee held on 16 July 2020.
- 10.2 The Board noted that the Committee had considered three items during the meeting and as such the report from the Committee Chair had been split between the items as they were presented to the Board.
- 10.3 The Board noted that the Committee had considered a paper within its delegations given by the Board on Phase 2A Early Civils Works Package 2 Package Procurement Plan.
- 10.4 The Committee Chair provided the context of the decision made as the second package of early civils works for Phase 2a.
- 10.5 The Board noted the report from the Committee Chair which captured the main points of consideration from the Committee.
- 10.6 The Board noted that the Committee has approved, under their delegated authority from the HS2 Ltd Board, the Early Civils works Package 2 Package Procurement Plan. The Committee

have delegated authority to the General Counsel and the Procurement and Commercial Director the approval of subsequent steps of the procurement, including releasing the Invitation to Tender to the framework of suppliers.

10.7 The Board noted the update.

## **11 Report from the Remuneration Committee 16 July 2020 (HS2B\_20-058)**

11.1 The Board received and noted the report from the Chair of the Remuneration Committee held on 16 July 2020.

11.2 The following key points were raised and noted:

11.2.1 The Committee had received and considered the proposed individual objectives, including the alignment to the draft Key Performance Indicators (KPIs) in the Corporate Scorecard, for eligible Executives during performance year 2020/21;

11.2.2 At the time of reporting, [REDACTED]

11.2.3 The Committee has agreed the principles of the proposed individual objectives, subject to [REDACTED]

11.2.4 The Board were advised that the Committee retains a level of discretion when assessing performance at the end of the performance year and as such can assess satisfactory performance across all areas of the Scorecard and intervene if required;

11.2.5 The Board noted that a discussion had been taken with the Committee Members on the outstanding resolution of Senior Role Appointments and reinstatement of the Remuneration Annex;

**11.2.6 The Board requested that Management escalate this as a key enterprise risk for the organisation in the Client Report more clearly should this matter remain unresolved;**

**Action: Michael Bradley**

11.2.7 The Board noted the planned meeting to be held with the Secretary of State for Transport as per the Chairman's update to the Board;

11.2.8 It was noted that this is considered a considerable risk to the Programme should this matter remain unresolved; and

11.2.9 It was agreed that more detail could be shared by the Committee Chair with the newly appointed NEDs.

11.3 The Board noted the update.

## 12 Report from the Audit and Risk Assurance Committee 21 July 2020 (HS2B\_20-059)

12.1 The Board received and noted the report from the Chair of the Audit and Risk Assurance Committee held on 21 July 2020.

12.2 The Chair of the Committee referred to the report submitted in advance of the meeting covering the activities of the meeting which had taken place out of cycle, including:

12.2.1 An interim update on the [REDACTED], which will be referred to the Committee in September 2020, prior to submission to the HS2 Ltd Board for approval;

12.2.2 A 90 minute session on the interim update on the [REDACTED]. The session was attended by [REDACTED] DfT Project Representation and the National Audit Office (in an observer capacity);

12.2.3 The [REDACTED] will be submitted to the HS2 Ltd Board in August 2020, supported by a strategic report from the Committee Chair, which will be written in agreement with Committee Members;

12.2.4 The Board noted that a key part of the strategic report will set the context of the [REDACTED] as a product, including the level of maturity of the product and the scope of what is and is not included for the product;

12.2.5 The Committee had received an update on the plan to Full Operating Capability (FoC) for the Integrated Project Teams following Notice to Proceed;

12.2.6 The Committee drew the Boards attention to the difference between FoC and the approach taken internally in HS2 Ltd for Enterprise Capability and Management have taken an action to provide a clear narrative on this;

12.2.7 The Committee discussed the aspiration for achievement of the higher capability levels and note that there is a balance between the investment required to achieve Level 5 capability and the return on investment this will yield;

12.2.8 The Committee had received a positive report of progress on counter fraud and have commissioned Management to return to the September Committee with confirmation of full completion of the all staff mandatory training, fraud risk assessment and proactive analytics;

12.2.9 **The Committee had received a positive report on Information Risk Management in HS2 Ltd. The Board requested visibility of the [REDACTED] and [REDACTED]**

**Action: Rich Jordan**

**12.2.10 The Committee discussed DfT attendance and observation at the Committee. It was agreed that the SRO would discuss this with the DfT and report back to the Chairman of ARAC with his findings.**

**Action: Non Owen**

12.3 The Board noted the update.

## 13 Phase 2a Category Procurement Plan 2 (HS2B\_20-060)

13.1 The Phase Two Managing Director, the Phase Two Commercial Director and the Stations and Phase 2 Procurement Director joined the meeting.

13.2 At the Commercial and Investment Committee meeting on 16 July 2020, the Committee had considered the Phase 2a Category Procurement Plan 2 (CPP2) for endorsement to the HS2 Ltd Board and a supporting Committee report was submitted with the paper.

13.3 The Board were asked to:

13.3.1 approve the scope and principles covered in the CPP2 to covering both the [REDACTED]; and

13.3.2 approve the CPP2 for onward submission through DfT governance.

13.4 The following key points were raised and noted:

13.4.1 The Phase 2 Managing Director introduced the paper for the Board and advised that the CPP for Phase 2a would be delivered in two parts. A first CPP (CPP1), outlining the delivery of enabling works services, was approved by the DfT's Board Investment and Commercial Committee in July 2019. The CPP1 also stated that a follow up document, CPP2, would later set out the procurement approach for the [REDACTED]

13.4.2 Subsequent to the approval of CPP1, a number of strategic changes to the delivery of Phase 2a have taken place and the CPP2 has therefore been prepared to reflect the revised procurement principles for a [REDACTED]

13.4.3 The Board [REDACTED]

13.4.4 It was agreed that the Company Secretary will liaise with the Phase 2 Directorate in order to clarify this position and report back to the August Board;

**Action: Non Owen/ Tim Smart**

13.4.5 It was agreed that a deep dive would be held at the Commercial and Investment Committee prior to returning to the Board;

**Action: Tim Smart**

**13.4.6 It was agreed that a briefing session would be held with NEDs to provide the context of historical and upcoming Phase 2a decisions, including the principles for the delivery model being explored for Phase 2a;**

**Action: Tim Smart**

13.4.7 Management explained the CPP2 document which had been provided to the Board for visibility and is a standardised document detailing the supporting packages, namely the [REDACTED]

13.4.8 The Chair of the CIC referred the Board to his report, noting the [REDACTED] t. Management advised that there will be further engagement with the [REDACTED]

13.4.9 It is critical that there is as stronger level of assurance available as possible;

13.4.10 The Board noted the recommendations from the Committee for Board focus;

13.4.11 The Board note that there will be a strong level of external interest in this matter and so there is a need for robust rationale and narrative;

13.4.12 The Board noted that procurement timelines, included within CPP2, will enable successful completion of the Phase 2a programme and that in parallel HS2 Ltd is continuing to identify potential opportunities to further improve schedule;

13.4.13 HS2 Ltd has also been in recent discussion with the DfT and Ministers on whether and how [REDACTED] and [REDACTED]

13.4.14 It was noted that there is a scheduled approval for the CPP2 being sought from the DfT IPDC on 17 September 2020.

13.5 Due to the discussion of the Board at minute 13.4.3 and 13.4.4, the Board agreed that the scope and principles covered in CPP2 covering both the [REDACTED] for Phase 2a continue to run in parallel but that this was subject to the clarification of further visibility of residual Board concerns raised.

## **14 Stations S4 Old Oak Common Construction Partner Advanced Critical Works (HS2B\_20-061)**

14.1 The Delivery Director and the Stations Senior Project Manager joined the meeting.

14.2 At the Commercial and Investment Committee meeting on 16 July 2020, the Committee had considered the Stations S4 Old Oak Common Construction Partner Advanced Critical Works for endorsement to the HS2 Ltd Board, and a supporting Committee report was submitted with the paper.

14.3 The Board were asked to endorse for submission to Department for Transport (DfT):

14.3.1 A DfT Change Authority request of [REDACTED] to undertake advanced critical works at Old Oak Common Station; and

14.3.2 [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

14.4 The following key points were raised and noted:

14.4.1 [REDACTED]  
[REDACTED]  
[REDACTED]

14.4.2 It was noted that the request was for spend to the end of February 2021, inclusive of a demobilisation allowance, for the Station Construction Partner to deliver Advanced Critical Works;

14.4.3 The Board noted the report from the Committee Chair which referenced that the Committee [REDACTED]  
[REDACTED]  
[REDACTED]

14.4.4 The Committee confirmed their endorsement of the paper to the HS2 Ltd Board prior to submission to the DfT Tier 2 Board and possibly the DfT Investment Portfolio Delivery Committee (IPDC);

14.4.5 The Board noted the options being considered by Management to close the affordability challenge gap, however that these are reliant on [REDACTED]  
[REDACTED]

14.4.6 The DfT Observer advised that the onward governance route is yet to be confirmed. During the meeting it was advised that the decision could be dealt within the delegations given to the DfT Tier 2 Board;

14.4.7 [REDACTED]  
[REDACTED]

14.4.8 The DfT Observer commended the level of work in the organisation to address the cost pressures.

14.5 The Board approved for submission to the DfT:

14.5.1 A DfT Change Authority request [REDACTED] to undertake advanced critical works at Old Oak Common Station; and

14.5.2 That [REDACTED] of the above request is held [REDACTED]  
[REDACTED]

## 15 Euston Station Cost/ SRO Study (HS2B\_20-062)

- 15.1 The Euston Area Project Director and the Head of Project Controls South joined the meeting.
- 15.2 The Board were asked to note the update, proposed next steps and that the outcomes of the SRO Study will be presented to the August Board prior to submission to the DfT.
- 15.3 The following key points were raised and noted:
- 15.3.1 The Board had received a briefing on Euston at the session on 28 July 2020;
  - 15.3.2 The Board were reminded that an update was being presented to the HS2 Ltd Board in advance of an August Board submission which will seek endorsement of HS2's response to a DfT Non-Routine Advice & Policy Support Instruction (NRAPSI) for the SRO Study;
  - 15.3.3 The update provided at the briefing and for the formal Board were to provide visibility of the ongoing cost pressure in relation to the Euston Station estimate and the emerging outputs from the SRO study and next steps;
  - 15.3.4 Management summarised the cost pressure timeline [REDACTED]
  - 15.3.5 The Board noted that there is ongoing cost verification which continues to be reviewed;
  - 15.3.6 The Board queried as to why the emerging figure was not reported in the quantitative Management Information. Management advised that as an unresolved trend this would not be reported as such until resolved. During this time the cost pressure is reported in the narrative;
  - 15.3.7 Management were asked to confirm to the Board in the August update as to how the reporting numbers relate to the Phase 1 QRA;**

**Action: David Bennett**

- 15.3.8 The Board were reminded of the requirement for the SRO Study and that in April 2020, DfT issued two NRAPSIs to HS2 Ltd. The first to respond to conclusion 33 from the Oakervee Report, and the second to determine the impact on the Train Service Specification of operating Old Oak Common as a terminus station;
- 15.3.9 The Board noted that a paper is intended to be submitted to the DfT Investments, Programmes and Delivery Committee (IPDC) on 28 September on the SRO study outputs. The decision will be focused on whether the HS2 Euston Station should be [REDACTED]
- 15.3.10 Should a decision be taken by IPDC to progress with one of the four options, a Secretary of State Change Notice (SOSCN) will be required;
- 15.3.11 It was agreed that a separate briefing session would be offered to newly appointed NEDs on Euston;**

**Action: David Bennett**

**15.3.12 The Board requested release of August papers to be as timely as possible to allow the Board to understand the information as fully as possible; and**

**Action: David Bennett**

15.3.13 The Board noted that this is a complex decision required to be taken with a number of stakeholders, with competing requirements, with long term implications and passenger experience to also consider.

15.4 The Board noted the update.

## **16 Phase 2b BL2 Status (HS2B\_20-063)**

16.1 The Phase Two Managing Director joined the meeting.

16.2 The Board received an update on Phase 2b Baseline 2 (BL2) in preparation for the formal Board submission planned for August 2020.

16.3 The Board were asked to note:

16.3.1 [REDACTED]

16.3.8.1. in agreement with the Department, risk is quantified through the use of reference class forecasting; and

16.3.8.2. quantitative risk analysis has been undertaken to inform the approach to risk mitigation. However, Phase 2b is considered to be too early in its development (circa 7-10% design complete) to be able to capture and model the threats and opportunities with sufficient accuracy to be considered

reliable for the purpose of informing a funding envelope or target Delivery into Service range.

16.3.9

16.3.10 the Audit and Risk Assurance Committee (ARAC) undertook their assurance review of the baseline, [REDACTED] assurance report and HS2 management responses on 21 July 2020, such that outputs can be accommodated within the formal submission of BL2 to HS2 Ltd Board in August 2020.

16.4 The following key points were raised and noted:

16.4.1 The Phase 2 Managing Director reminded the Board that the submission to the Board was an interim position and that approval would be sought from the Board at the August meeting together with the position on benchmarking;

16.4.2 The Board noted that in the August submission there will be an Executive recommendation on the [REDACTED]

16.4.3 The Board were reminded of the update provided to the Board on status of Phase 2b at Control Point CP2.1 on 30 October 2019;

16.4.4 The Board reiterated the point regarding the very early development of the design maturity at this point of submission and as such a range is the most appropriate presentation; and

16.4.5 The Board were encouraged to see the level of assurance and the lessons which have been applied from Phase 1 into the process.

16.5 The Board noted the update.

## **17 Priorities for August 2020 Board (HS2B\_20-064)**

17.1 The Board noted the forward look of topics to be considered by the Board. Content for the August 2020 Board will be considered and agreed with the Chairman.

17.2 The Company Secretary advised the Board that two matters had been included on the forward look, for which the governance route was Commercial and Investment Panel to the Commercial and Investment Committee (CIC), and then onto the Board.

17.3 One of the matters has been previously delegated to the CIC on behalf of the Board and as such would be reported on the outcome from the Committee to the Board at the August meeting.

17.4 A second matter was regarding a contract award and the Board were advised that as this was an outcome of a process, that it was sensible to suggest the Board delegate the decision to the CIC.

17.5 **The General Counsel was asked to provide further details to the Chairman who would then take a view of suitability to ask the Board to delegate the decision.**

**Action: Nicole Geoghegan**

## **18 AOB and Close**

- 18.1 The General Counsel advised the Board of active litigation matters which will be escalated to the Board as and if required.
- 18.2 The Board were advised that a short paper will be circulated to the Board in correspondence in order to agree delegations of signing authority for Settlement Deeds.
- 18.3 The CEO expressed thanks to the Management teams for their input to the Board briefing and formal Board meeting.
- 18.4 The CEO encouraged the newly appointed Non-Executive Directors to share feedback of their induction and observations of the organisation, the governance and information received.
- 18.5 The Chairman echoed the thanks to Management for their input to the Board briefing and formal Board meeting.
- 18.6 The Chairman thanked the newly appointed Non-Executive Directors for their engagement prior to and during the Board meeting. The Board were reminded of the active and sensitive matters being considered by the Board and as such were asked to treat the information and papers as private and confidential.