

Meeting minutes

HS2 Ltd Board

Meeting date Wednesday, 24 June 2020

Meeting location MS Teams Meeting

Meeting time 09:00-15:45

Members	Attendees	Apologies
Allan Cook Chairman	[REDACTED] Phase Two Project Controls Director	
Michael Bradley Chief Financial Officer	David Bennett (item 05) Delivery Director	
Mel Ewell (until 14:30) Non-Executive Director	[REDACTED] Phase One Project Controls Director	
Judith Hackitt Non-Executive Director	[REDACTED] Senior Business Manager	
Stephen Hughes Non-Executive Director	Nicole Geoghegan General Counsel	
Roger Mountford Non-Executive Director	[REDACTED] Head of Analysis	
Ed Smith (11:20 onwards) Non-Executive Director	[REDACTED] DfT Observer	
Mark Thurston Chief Executive Officer	Non Owen (minutes) Company Secretary	
	Tim Smart (item 10) Phase Two Managing Director	
	Aileen Thompson (item 04) Strategic Director of Stakeholder Engagement	
	[REDACTED] Commercial Development Director	
	[REDACTED] Euston Area Client Director	

1 Welcome, Declarations of Interest and Values Moment

- 1.1 Mel Ewell notified the Board of his appointment to the Board of Museum of London Archaeology (MOLA).
- 1.2 The Board received a values moment from Stephen Hughes further to the discussion between Non-Executive Directors on environmental sustainability noting there are differing levels of

maturity and aspirations of organisations applied to environmental (and other) impacts, for example carbon neutral versus carbon positive.

2 Minutes of the previous meeting and matters arising (HS2B_20-033 and HS2B_20-034)

- 2.1 The Board agreed the minutes of the meeting of 27 May 2020 as a true record subject to correction of wording to minute 9.3.9.
- 2.2 The Board noted the status of the actions.
 - 2.2.1 The Board noted that some of the actions relate to the sequencing of future Board briefings and/ or formal discussion items, which remain under review with the Company Secretary and the Chairman.
 - 2.2.2 Some of the topics require sequencing so that the Board can be provided with detail in a timely manner ahead of being asked to provide approvals.
 - 2.2.3 The Board referenced minute 5.9 of the May meeting minutes and requested that this be listed as an action.**

Action: Non Owen

3 Chair Report (HS2B_20-035)

- 3.1 The Board noted the report from the Chairman of the Board covering his engagement activities over the month.
- 3.2 The Chairman referenced the informal Non-Executive Director (NED) pulse check meetings which have been established on a monthly basis.
- 3.3 The second of these sessions had been held on 18 June 2020 and reviewed the Board priorities over the coming year.
- 3.4 NEDs had a discussion with regard to environmental sustainability as a piece of work which will be led by the NEDs.
- 3.5 The Board discussed the possibility of engaging with some independent third parties to inform this work.
- 3.6 The Board discussed short term versus long-term environmental implications of the Programme and the importance to measure and monitor performance of environmental sustainability.
- 3.7 Communications will be a key aspect as some of the short-term implications will have a negative impact.

3.8 The work should also highlight the impact of the Programme supporting jobs and driving the skills agenda.

[Redacted text block]

Action: Allan Cook/ Mel Ewell

- 3.14 The Board received a verbal update from the DfT SRO noting activities within Government are focused on the restart of the economy and the desire to accelerate works where possible.
- 3.15 The organisation should continue to capitalise on the decision for Notice to Proceed and that the Programme is referenced as shovel ready and should therefore also look at opportunities in the Programme for acceleration of works where possible.
- 3.16 The Board noted activity and engagement of the HS2 Minister and Line of Route MPs, with particular focus at the moment on the green corridor and the Land and Property portfolio. The Board discussed the requirement to educate interested stakeholders on the level of complexity that can be involved with certain issues.
- 3.17 The Board noted that at a recent meeting of the Investments, Programmes and Delivery Committee (IPDC), there were concerns raised on two specific matters. Management advised that briefings have been taking place with senior members of the DfT to provide the requested further detail.
- 3.18 The Board noted the updates.

4 CEO Report (HS2B_20-036)

- 4.1 The Strategic Director of Stakeholder Engagement joined the meeting.
- 4.2 The Board noted the Management Information and report from the CEO.
- 4.3 The following key points were raised and noted:

- 4.3.1 Return to office working has been introduced across the organisation, run in parallel with a further pulse check well-being staff survey to review the appetite and level of confidence of staff to return to offices;
 - 4.3.2 The Board congratulated Management on the handling of staff communications and logistics in the COVID-19 environment;
 - 4.3.3 The Board expressed caution of returning to the new normal too quickly, in order to avoid a second wave of infections;
 - 4.3.4 The Board noted increasing Government interest in the carbon neutral plan, noting the transport sector as generating a lot of interest and recognising the need to change the value of carbon in business cases;
 - 4.3.5 The Board noted the review of the Green Book by HM Treasury and its scope;
 - 4.3.6 Management continue to drive momentum in the business post Notice to Proceed, however the business is experiencing workload challenges to balance competing stakeholder demands for information and scrutiny of the information supplied;
 - 4.3.7 The Board noted a number of initiatives being run corporately including: the efficiencies project, continued review of enterprise capability, Phase 1 Full Operating Capability within the Integrated Project Teams, Safe at Heart, whilst managing a remote working environment and continuing to review pandemic implications to Programme delivery;
 - 4.3.8 It was noted that a fuller update, including proposals of how NEDs might support with this will be developed by the CEO;
 - 4.3.9 The Board agreed that there is a high level of demand and complexity within the Programme and reiterated the Board focus on proven and consistent delivery, schedule and cost;
 - 4.3.10 The Executive have had a session on equality, diversity and inclusion within the organisation;
 - 4.3.11 The Board noted work needed on creating a talent pipeline and delivering a more diverse workforce, and the opportunities to redress the balance in BAME and gender characteristics;
 - 4.3.12 There will be a further discussion with the Company Secretary and the Chairman with regard to the allocation of NED time across business activities, which is dependent on the anticipated additional NEDs;
 - 4.3.13 The Board have been provided with a draft version of the Corporate Plan for consideration;
 - 4.3.14 The Board discussed the need for the tone of the document to align and be reflective of the comments received regarding the Annual Report and Accounts; and
 - 4.3.15 It was noted that Board Members will be engaged on a 1:1 basis with the Director of Stakeholder Engagement to develop the detail within the document.
- 4.4 The Board noted the updates

- 4.5 The Board received a summary from the Director of Stakeholder Engagement about activities over the previous month, including the following key points:
- 4.5.1 The Board noted a decline of complaints regarding on site activities and social distancing concerns which had been raised at the start of lockdown;
 - 4.5.2 The organisation continues to attract a high level of disruptive protestor activity;
 - 4.5.3 The Board discussed the level of protestor activity, commenting that this will be having a negative effect on staff and morale. The Board discussed what other proactive action could be taken. Management advised there are several different approaches being pursued including engagement with third parties;**

Action: Non Owen
 - 4.5.4 The Board noted the stock of positive press releases which have been released with some big national moments approaching;
 - 4.5.5 The Board recognise the traction regarding external communications which has been received positively across the right themes; and
 - 4.5.6 The Board noted the positive relationship between the HS2 and DfT communication teams.
- 4.6 The Board noted the updates.
- 4.7 The Board received a verbal update from the CFO with regard to the financial performance over the period, including the following key points:
- 4.7.1 The Board noted the numbers reported for May 2020, noting that Land and Property have experienced restrictions imposed due to the COVID-19 environment which has impacted financial performance. The restrictions have now been lifted however this will take some time to be reflected in financial reporting;
 - 4.7.2 The Board noted that the Quarter One forecast has been produced and submitted to the DfT, however this is based on a number of assumptions, given the current economic environment; and
 - 4.7.3 The Board discussed the change to Management Information presented, requesting inclusion of performance against the overall target for the Programme. Management advised part of this will be developed in line with the Quantitative Risk Analysis (QRA) being rerun for Phase 1 which will return to the Board in July 2020.
- 4.8 The Board noted the updates.

5 Phase 1 Delivery Performance (HS2B_20-037 and HS2B_20-038)

- 5.1 The Delivery Director and the Phase One Project Controls Director joined the meeting.
- 5.2 The following key points were raised and noted:

5.2.1



[REDACTED]

Action: David Bennett

- 5.2.2 The Board noted continued positive engagement on health, safety and well-being in the supply chain;
- 5.2.3 The Board received and noted a presentation illustrating the performance overview and site activity;
- 5.2.4 The Board noted schedule and key threats, trends and unresolved trends and opportunities which have been reviewed within the Management Information (MI) pack;
- 5.2.5 The Board received a verbal update on the current schedule critical areas, the current schedule key threats, the detail and drivers behind these, and actions to mitigate being taken by Management;
- 5.2.6 The Board were reminded of the metrics reported to illustrate schedule information within the report, showing target date, Baseline date and late date, with a view of any float to the schedule;
- 5.2.7 The Board noted the current schedule interface analysis, showing the give and get dates for handover activities between the contracts;
- 5.2.8 It was noted that where a handover has been completed, it is currently “retired” from the MI. Management acknowledge that this may be interpreted wrongly as poor performance rather than retirement of completed activities. This remains under review by Management for appropriate information submitted to the Board;
- 5.2.9 The Board noted business plan milestones for 2020/2021;
- 5.2.10 The Board noted that the DfT have commissioned P-Rep to review the approach to schedule and the work done to date. Management have received this positively and are inputting to the work;
- 5.2.11 The Board noted the cost information and Earned Value and were reminded that the information demonstrates performance relative to the point budget;
- 5.2.12 The Board noted that reporting and MI is a dynamic system and as such the information will reveal cost pressures, some of which will be mitigated, and some will require a level of contingency overlay;
- 5.2.13 As the volume of MI increases, Management will be able to provide trending information to identify where there are potential hotspots in the Programme;
- 5.2.14 [REDACTED];
- 5.2.15 The Board commented that some of the narrative on this in the MI could be clearer. Management accept this point however continue to navigate the level and volume of information which should be reported to allow strategic Board level conversations, focused on key cost and schedule implications, without providing too much information so that this is not clear;

- 5.2.16 The Board commented that the information being reviewed during the sessions with the Board is targeted to the audience, as Members have experience of the Programme and the understanding of Project Management.
- 5.2.17 There needs to be handling of wider interested parties and information which is provided to them and what level of interpretation and understanding there is;
- 5.2.18 The language and narrative needs to be clear, and the challenge is to balance the drive of data from the supply chain and interpret this transparently in an understandable format;
- 5.2.19 Some schedule and cost implications have alternative mitigations which are still being pursued. Some of the implications have the potential that the suitable mitigation may not outweigh alternatives, and this is another example of where the narrative to support the MI is required;
- 5.2.20 The DfT SRO requested a need for narrative, for further example, to explain transfer of works, noting that activity should be net neutral and the transfer of work will result in reduction of another budget;

[REDACTED]

- 5.2.22 Management reflected that the level of protestor activity is also not fully understood or drawn out by this MI. A deep dive has been commissioned by the Executive on the impact including cost and schedule from these activities;
- 5.2.23 The Board referenced the step forward in the presentation of the data on delivery. The Board expressed caution with the propensity for further requests for data and agreed that there should be a level of discipline and understanding from Board Members of what the MI is provided for;
- 5.2.24 The Board commended the confidence and level of knowledge demonstrated by Management during the sessions;
- 5.2.25 The Board commented that should Ministers and wider stakeholders want to get into the detail of the information, there would be a need for a teach-in on Project Management with these groups;
- 5.2.26 The Board discussed that should information be requested at a granular level, there is the risk of concerns being driven 'underground' and inadvertently reducing the level of transparency;
- 5.2.27 The Board agreed it is important to manage expectations of the audiences for this information and assistance will be sought from the DfT to help with this management whilst continuing open discussions; and

- 5.2.28 The Board noted the aspiration for one version of MI to be taken to different forums which will increase the efficacy of the reporting system.
- 5.3 The Board commended the work from the Delivery Director and Phase 1 Project Controls Director and thanked them for their continued engagement with the Board to escalate important issues.

6 Report from the Audit and Risk Assurance Committee 15 June 2020, including Committee Chair Annual Opinion (HS2B_20-039)

- 6.1 The Senior Business Manager for the CFO Directorate joined the meeting.
- 6.2 The Board received and noted the report from the Chair of the Audit and Risk Assurance Committee held on 15 June 2020, including the Committee Chair's Annual Opinion.
- 6.3 The Board noted that the meeting was attended by all Committee Members: Ed Smith (Committee Chair), Roger Mountford and Stephen Hughes.
- 6.4 The meeting also had attendance from the HS2 Ltd Chairman, Allan Cook as a standing invitee, [REDACTED] from the National Audit Office (NAO) and [REDACTED], the DfT P-Rep. Mark Thurston was also in attendance.
- 6.5 The following key points were raised and noted:
- 6.5.1 The Committee Chair provided a summary of the discussion on the Annual Report and Accounts and referenced that correspondence had been received from the National Audit Office prior to the meeting reflecting on the tone and content of the Annual Report;
 - 6.5.2 The Committee had discussed the feedback during the meeting, and agreed that the tone and level of information would be reviewed by Management and incorporated into the next version;
 - 6.5.3 The Committee commended the Finance Director and team for their level of work to produce the annual accounts;
 - 6.5.4 The Board agreed that approval of the final version of the Annual Report and Accounts would be delegated to the CEO, CFO, HS2 Ltd Chairman, and Chair of the Audit and Risk Assurance Committee;
 - 6.5.5 The Chair of the Committee commended the level of work and recommended the final version and NAO Letter of Representation be approved and signed subject to the above delegation;
 - 6.5.6 The Board discussed future Annual Report and Account production, which will be subject to a review and adaptation for what will be reported in future years;
 - 6.5.7 The Board discussed the request that the Annual Report reference what the organisation will do regarding Environmental Sustainability in the next year. It**

was agreed that the request will be clarified and formalised before this is reflected in the Annual Report;

Action: [REDACTED]

- 6.5.8 The Board discussed the balance of publication documents with agreement of what each document should or should not do;
 - 6.5.9 Public facing documents should be readable in a standalone capacity but should cross reference other publications where relevant;
 - 6.5.10 The Director of Stakeholder Engagement will review the plan of publications for the organisation;
 - 6.5.11 The Board noted that additional reporting will attract a volume of work in order to produce, however note the importance of public statements regarding Environmental Sustainability;
 - 6.5.12 It was noted that the final version of the Annual Report and Accounts will be shared with the DfT Group Audit and Risk Assurance Committee (GARAC) Chair;
 - 6.5.13 The Board commended the work of the Audit and Risk Assurance Committee on behalf of the Board as evidenced by the Committee Chair's Annual Report and thanked the Chair and Committee Members for their time and effort over the year;
 - 6.5.14 The Board received a verbal update from the Chair of the Committee on other matters considered at the meeting on the 15 June 2020; and
 - 6.5.15 The Board noted that the first of the quarterly deep dives of the Committee had been held on HR Controls, with a number of learnings coming out of this deep dive which was positively received by Committee Members.
- 6.6 The Board noted the update.

7 2019/2020 Annual Report and Accounts (HS2B_20-040)

- 7.1 The Board were asked to:
 - 7.1.1 note the progress made since the Audit and Risk Assurance Committee (ARAC) meeting on 15 June 2020, and actions taken to reflect Members' feedback.
 - 7.1.2 approve the final draft Annual Report and Accounts (ARA) document, subject to actioning any minor amendments post meeting, for
 - 7.1.2.1. signature by the Accounting Officer;
 - 7.1.2.2. onward submission to DfT for Secretary of State sign off; and
 - 7.1.2.3. external publication in July 2020.
- 7.2 In line with the discussion taken at item 06, the Board agreed the final version of the Annual Report and Accounts and Letter of Representation will be approved by the subgroup of the Board prior to signature by the Accounting Officer.

8 Euston Station Update (HS2B_20-041)

- 8.1 The Commercial Development Director and Euston Area Client Director joined the meeting.
- 8.2 The Board received an update on the key workstreams underway to [REDACTED]
[REDACTED]
- 8.3 The Board were asked to note the progress made in the month on:
[REDACTED]
[REDACTED]
- 8.4 The following key points were raised and noted:
- 8.4.1 The Board noted the emerging concept issues which will require strategic decisions to be made sensitively;
 - 8.4.2 The Board noted further update on the progress will be provided in July and approval will be sought on the outputs in August, prior to submission formally to the DfT;
 - 8.4.3 The Board reiterated the requirement to receive Euston updates as a standing item at the Board, recognising continued accountability and responsibility for Euston;
 - 8.4.4 The Board noted Ed Smith as the NED representative for Euston who will be engaged on [REDACTED]
[REDACTED] on behalf of the Board;
 - 8.4.5 The Board noted requirements for resourcing, Ministerial decisions, and the intended timeline as challenging;
 - 8.4.6 The DfT SRO commended the good progress and confirmed that the DfT are being kept informed with the HS2 Minister receiving a weekly progress report;
 - 8.4.7 To provide an output by September 2020 assurance and activities where possible will be required to run in parallel;
 - 8.4.8 Management advised that a possible briefing could be held in August 2020 to give the Board fuller information on progress;
- 8.5 The Board noted the progress for [REDACTED]
including the following key points:
- 8.5.1 The Board noted there is [REDACTED]
[REDACTED]
 - 8.5.2 The Board commented that as discussed at the Audit and Risk Assurance Committee, there will be [REDACTED];
 - 8.5.3 Resourcing has been reviewed with mapping of temporary responsibilities to indicate appropriate management of resources for HS2 whilst providing the level of specific focus for Euston;
 - 8.5.4 [REDACTED]
[REDACTED]

8.5.5 The Board noted the Tripartite Cooperation Board could be a forum for escalation of issues; and

8.5.6 [Redacted]

Action: [Redacted]

8.6 The Board noted the update.

9 Phase 2b Governance (HS2B_20-042)

9.1 The Head of Analysis and Phase 2 Managing Director joined the meeting.

9.2 The Board were asked to endorse the following proposals for Phase 2b Governance:

9.2.1 A Non-Executive Director (NED) is nominated as the Board lead on Phase 2b issues, with immediate effect;

9.2.2 A Board Sub-Committee on Phase 2b is established when the following conditions are satisfied:

9.2.2.1. approvals of [Redacted] are complete;

9.2.2.2. additional NEDs are in place; and

9.2.2.3. the conclusion of Integrated Rail Plan.

9.2.3 [Redacted]

9.3 The following key points were raised and noted:

9.3.1 The Board commented on the ambitious timescale of the Integrated Rail Plan (IRP) bearing in mind that the view of the National Infrastructure Commission (NIC) is not anticipated until the end of 2020;

9.3.2 The Board endorsed Management’s recommendation to appoint a NED lead and the future establishment of a Board Sub-Committee, however requested that Management review the [Redacted]n;

Action: [Redacted] Tim Smart

9.3.3 The Board noted the need to review [Redacted];

9.3.4 The Board recommend that the advice to the DfT should be for stages 1 and 2 as proposed, but that stage 3 is more of a [Redacted];

9.3.5 It was agreed that there should be correspondence issued to the Secretary of State for Transport recommending the 3-stage approach formally;

Action: Tim Smart

9.3.6 It was recommended that a Network Rail Observer be invited to the Board meetings at the appropriate time to contribute to the Phase 2b discussions; and

9.3.7 It was agreed that the Chairman will consider and agree the appointment of the Non-Executive Director Board Lead for Phase 2b.

Action: Allan Cook

9.4 Mel Ewell excused himself from the meeting as previously agreed in advance with the Chairman.

10 Phase 2b Update and Change Notice: Train Service Specification (HS2B_20-043 and HS2B_20-044)

10.1 The Phase Two Project Controls Director joined the meeting.

10.2 The Board received an update on the progress of:

10.2.1 [REDACTED]; and

10.2.2 hybrid Bill for Phase 2b West Leg (Crewe to Manchester).

10.3 The Board were asked to note:

[REDACTED]

10.3.2 The emerging [REDACTED] is within the Chairman's Stocktake range of between 2035 to 2040 for delivery into service. Current estimate at Reference Class Forecasting (RCF) 70 is [REDACTED] and

10.3.3 Submission of the hybrid Bill for the Western Leg is currently being assessed for agreement with the DfT.

10.4 The Board were asked to note:

10.4.1 Management are [REDACTED];

10.4.2 The Board noted that a further update will be reported to the July 2020 Board together with a proposal for the appropriate assurance for the full, current Phase 2b line of route;

10.4.3 Approval of the [REDACTED] will be sought from the Board in August 2020;

10.4.4 The Board were reminded of the HS2 Ltd Board reviews of the [REDACTED] namely:

10.4.4.1. An interim [REDACTED] position reported to the October 2019 Board meeting incorporating core instructed scope and third-party funded scope; and

10.4.4.2. An update was subsequently provided to the DfT BICC incorporating amendment to the core scope to include Midland Mainline and subsequently increasing the cost of core scope;

[REDACTED]

[REDACTED]

10.6 Management will continue to develop the detail over the coming weeks.

10.7 The following key points were raised and noted:

- 10.7.1 The Board queried to what level the provision of a [REDACTED]
[REDACTED]
[REDACTED]
- 10.7.2 It was noted that the methodology to disaggregate will need to be agreed;
- 10.7.3 The Board noted the importance to be definitive on the purpose of the [REDACTED], what it does and does not include, including the reasons for any aspects not included;
- 10.7.4 The Board queried the level of contingency provided to inform the [REDACTED] and referenced that there needs to be agreement of the appropriate project and DfT programme contingency;
- 10.7.5 The Board noted the amount of work and assurance required in a short amount of time;
- 10.7.6 The Board discussed the components of the Programme including Rolling Stock, Rail Systems and Track which are required for Phase 1 and Phase 2;
- 10.7.7 The Board noted there is a monthly BL steering group with the DfT; and
- 10.7.8 Following further Executive sessions, a range should be proposed to the Board by Management.

10.8 The Board noted the development of the hybrid Bill for the Western Leg of Phase 2b.

10.9 The Board noted the target for Bill deposit of 2021 which is a challenging target date based on the current analysis. The schedule for Bill deposit is due to be concluded in the coming weeks and Management continue to strive to the stretch target date.

10.10 Later submission of the hybrid Bill has an implication on the achievable Royal Assent date.

10.11 The Board noted that there needs to be a level of agility from Government which will increase the probability to meet the hybrid Bill target date and this should be escalated with examples where there are outstanding decisions.

Action: Tim Smart

10.12 Work to develop the IRP was initially slow but has now begun with instructions received by HS2 Ltd.

10.13 The Board reiterated the value of inviting [REDACTED] to a future Board session. The Company Secretary will canvass dates.

10.14 The Board noted the updates.

10.15 [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

10.16 The Board were asked to:
[REDACTED]
[REDACTED]
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[REDACTED]

Action: Tim Smart

11 Priorities for July 2020 Board (HS2B_20-045)

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

11.2 The Board discussed the level of business activity and referenced the importance of taking annual leave despite the lockdown environment, including Non-Executive Directors.

12 AOB and Close

- 12.1 The General Counsel gave a verbal update on [REDACTED]. Updates will be escalated to the Board in correspondence as required.
- 12.2 The Board discussed the level of protestor activity and requested assurance that appropriate levels of protection are in place for staff.
- 12.3 The Board noted that the CEO will be on annual leave [REDACTED]. Delegated authority will be given to the CFO, including Accounting Officer responsibilities during this period.