

Meeting minutes

HS2 Ltd Board

Meeting date Tuesday, 22 December 2020

Meeting location MS Teams Meeting

Meeting time 13:30-17:00

Members	Attendees	Apologies
Allan Cook (Chairman) Non-Executive Director	[REDACTED] Senior Project Manager – Old Oak Common	Non Owen Company Secretary
Michael Bradley Chief Financial Officer	David Bennett (items 06 and 11) Delivery Director	
Mel Ewell Non-Executive Director	[REDACTED] Stations Client Director	
Tom Harris Non-Executive Director	[REDACTED] Stations and Phase 2 Procurement Director	
Judith Hackitt Non-Executive Director	Nicole Geoghegan General Counsel	
Elaine Holt Non-Executive Director	[REDACTED] DfT SRO	
Stephen Hughes Non-Executive Director	[REDACTED] Assistant Company Secretary	
Ian King (items 01-06) Non-Executive Director Secretary of State for Transport's Representative	[REDACTED] Phase Two Commercial Director	
Roger Mountford Non-Executive Director	Tim Smart (items 06 & 09) Phase 2 Managing Director	
Ed Smith Non-Executive Director Senior Independent Director	[REDACTED] Client Services Director	
Mark Thurston Chief Executive Officer	[REDACTED] Commercial Projects Consultant	
	[REDACTED] Commercial Delivery Director, Stations	

1 Welcome, Declarations of Interest and Values Moment

1.1 There were no additional declarations made.

- 1.2 The Board received a values moment from Allan Cook which recognised the four HS2 Ltd values of integrity, respect, safety and leadership as a precursor to beginning 2021. The Board recognised the importance of all individuals subscribing to these values.
- 1.3 The Board noted that Dame Judith Hackett had received an Honorary Doctorate from the Royal Melbourne Institute of Technology, Melbourne, Australia.

2 Minutes of the previous meeting and matters arising (HS2B_20-119 and HS2B_20-120)

2.1 The Board noted that minute reference 3.3.2 should refer to the National Infrastructure Commission. Subject to this amendment being made, the minutes of the meeting of the 25 November 2020 were agreed as a true record.

2.2 **The Board noted that the Department for Transport (DfT) had signed off on instructions to the West Coast Partner and requested that the Board be advised of those instructions.**

Action: [REDACTED]

2.3 The General Counsel provided the Board with an update on the actions. The CEO gave a verbal update to the Board in relation to action 20/073.

2.4 **Referring to action 20/075, the Chief Executive noted that correspondence from the Phase 1 PAR was now available and undertook to circulate this to Board Members.**

Action: Mark Thurston

2.5 The Board noted the status of the actions and that the scheduling of briefings would be reviewed for the 2021 meeting cycle.

3 Chair Report and Senior Responsible Officer Update (HS2B_20-121)

3.1 The Department for Transport (DfT) Senior Responsible Officer (SRO) joined the meeting.

3.2 The Board noted the report from the Chairman of the Board covering his engagement activities over the month.

3.3 The following key points were raised and noted:

3.3.1 The fourth meeting of the Ministerial Taskforce on the Integrated Rail Plan (IRP) for the North and Midlands took place on Thursday, 10th December 2020.

3.3.2 The HS2 Minister met with the preferred candidate for the Chief Commercial Officer position on Monday, 14th December 2020.

3.3.3 The secondment agreement for the Delivery Director had been extended until the end of 2021.

- 3.3.4 The Board noted the summary of the Non-Executive Director (NED) only call on 7 December 2020.
- 3.3.5 The Board responded positively to the materials provided in the “All Staff Call”
- 3.4 The Board noted the updates.
- 3.5 The DfT SRO provided a verbal update on key activities across the DfT, including:
 - 3.5.1 The Ministerial Task Force for HS2 Phase One and 2a had met on Thursday, 17th December 2020.
 - 3.5.2 The Department continued to work on COVID-19 matters and the EU transition;
 - 3.5.3 Royal Assent for Phase 2a legislation was expected in January; and
 - 3.5.4 A new Director for Shareholding would be appointed at the Department; the post will cover HS2 Ltd as well as other matters. A new Director General for Rail Infrastructure has been appointed and will take up their appointment in January 2021.
- 3.6 **The Board requested to be provided with further detail on the role and responsibilities of the Director for Shareholding at the DfT. The Board recognised the opportunity to maximise this relationship.**

Action: [REDACTED]
- 3.7 The Board noted the updates.
- 3.8 The DfT SRO left the meeting.

4 CEO Summary (HS2B_20-122)

- 4.1 The Board noted the Management Information and the report from the CEO.
- 4.2 The following key points were raised and noted:
 - 4.2.1 The Board noted the significant progress that had been made in Delivery in the last year which was particularly notable in light of the Oakervee Review, achievement of Notice to Proceed (NtP) and challenges arising from COVID-19.
 - 4.2.2 In relation to Brexit Readiness, the Board noted the identified key areas that could impact the programme.
 - 4.2.3 **The Board recognised Brexit as a key issue for 2021 and requested to be provided with a formal paper setting out Brexit risks and mitigations. The Chief Executive undertook to bring a future paper to the Board (and/or ARAC) in early 2021.**

Action: Mark Thurston
 - 4.2.4 The Board noted the scheduled Transport Select Committee on 6 January 2021;
 - 4.2.5 The Board noted that the “All Staff Call” had taken place on 14 December 2020 and that the HS2 Ltd Minister, Andrew Stephenson MP had joined the call and responded to questions from staff.

- 4.2.6 **The Board requested that the Company Secretariat ensure that all NEDS receive an invitation to attend future “All Staff Calls”**

Action: Company Secretariat

- 4.3 The Board noted the scale and complexity of 2021 activities, which included but was not limited to: moving to a delivery focus for Phase 2a and reaching Full Operating Capability on the Phase 1 Integrated Project Teams.

- 4.4 **The Board agreed with the Chief Executive’s suggestion of a Board Briefing on Rolling Stock early in the new year.**

Action: Company Secretariat

- 4.5 The Board noted the updates.

5 Delivery Performance

- 5.1 The Board noted the Delivery Performance Report which had been provided for information and noting.

6 Phase 2b Update (HS2B_20-123)

- 6.1 The HS2 Ltd Chairman introduced the report, which provided an update on progress of Phase 2b generally and specifically the hybrid Bill for Phase 2b Western Leg (Crewe-Manchester).

- 6.2 The following key points were raised and noted:

6.2.1 The Board noted the significant amount of activity taking place on Phase 2b and recognised the significance of the Hybrid Bill work and the implications of the Integrated Rail Plan for the Eastern Leg.

6.2.2 The Board noted the position with respect to the [REDACTED]

6.2.3 **Unrelated to the Phase 2b update, the Board requested to be provided with an update on the schedule interfaces between the Phase 1 main works civils contracts and Phase 1 rail systems contracts; an update on the impact on the HS2 benefits case of the revised HM Treasury guidance; and requested that time be allocated on the Board’s agenda in early 2021 to discuss any potential changes to HS2’s strategic risks.**

Action: Company Secretariat for scheduling

6.2.4 There was a discussion as to the importance of HS2’s corporate structure being sustainable and scalable as each Phase moves through its lifecycle.

- 6.3 The Board noted the updates.

7 Report from the Commercial and Investment Committee – 10 December 2020 (HS2B_20_124)

- 7.1 The Chair of the Commercial and Investment Committee introduced the report following the Committee meeting on 10 December 2020.
- 7.2 The Board noted that the Committee had considered:
- 7.2.1 Phase 1 Enabling Works Contract [REDACTED]
 - 7.2.2 Phase 2a Early Environmental Works (EEW): Construction Contract Award
 - 7.2.3 Stations OOC – Balfour Beatty Vinci Systra Joint Venture Contract Consolidation Notice
 - 7.2.4 Phase 2a Delivery Model
 - 7.2.5 Update on Rolling Stock End of Stages 1-4 assessment process
 - 7.2.6 Rail Systems Commercial Model Principles - Update
- 7.3 The Committee had been joined by Elaine Holt as an Observer to the December meeting and Board Members were reminded that they were able to attend the Committee should they wish to do so. The Committee’s observations are noted in sections 8, 9 and 10 below.
- 7.4 The Board noted the update.

8 Enabling Works Contract [REDACTED] (HS2B_20_125)

- 8.1 The Delivery Director, Client Services Director, and Commercial Projects Consultant (Phase One Project Controls) joined the meeting.
- 8.2 The Board considered the paper which sought approval for [REDACTED].
- 8.3 The following points were raised and noted:
- 8.3.1 The Board recognised that Members had been thoroughly briefed [REDACTED].
 - 8.3.2 [REDACTED].
 - 8.3.3 The Board commented on the financial impact that Undertakings & Assurance commitments had had on the enabling works scope (and costs) and noted the importance of embedding the lessons learned in all commercial programmes going forward.
- 8.4 The HS2 Ltd Board approved (for onward submission to DfT):

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

8.5 The Board noted:

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

8.5.4 The update on the negotiations with LM JV and Fusion JV to revise the incentivisation regime. The Board approved such negotiations in October.

8.5.5 EWC opportunities are being progressed and reported through the Efficiency Challenge Programme (ECP). [REDACTED]. Further opportunities may be presented by how the contracts are closed out.

8.6 The Delivery Director, Client Services Director, and Commercial Projects Consultant (Phase One Project Controls) left the meeting.

9 Phase 2a Delivery Model (HS2B_20_126)

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

9.2 The Board considered the paper, which sought approval for the delivery model for Phase 2a, such model including [REDACTED]

9.3 The following points were raised and noted:

9.3.1 Royal Assent of the Phase 2a Bill was anticipated in January 2021;

- 9.3.2 Phase 2a is in pre-construction for the Minor Highway Works; the Major Highway Works are out to tender; and approval had just been received for the Early Environmental Works.
- 9.3.3 The Board recognised that the schedule was challenging and that work on addressing scheduling matters was underway.
- 9.3.4 The Board noted the importance of effective incentivisation of the [REDACTED], and the level of transparency that would be required.
- 9.3.5 The Board noted that appetite within the market for the [REDACTED] role was high.
- 9.3.6 The Board commented on the importance of managing the overall programme to enable the commencement of Spring 2024 earthworks. The Board noted the packaging of the Phase 2a Main Works Civils contracts, and the speed of procurement and governance, will impact on speed at which the [REDACTED] could be onboarded.
- 9.3.7 **The Board requested that a table of the key milestones to 2024 be produced and included in Phase 2a reporting going forwards.**

Action: Tim Smart

- 9.3.8 The Board noted the importance of all parties in the supply chain having clarity on the key performance measures. The Board commented on high quality recruitment as an enabler for success.
- 9.3.9 **Management advised that a significant amount of work had been undertaken to ensure that the right capability is in place. The Board noted that this would be considered at the Executive Committee in January, and requested that the HS2 Ltd Board receive an update thereafter.**

Action: Tim Smart

9.4 Subject to the discussion above, the Board:

- 9.4.1 Approved the recommendation for the delivery model for Phase 2a outlined as option 4 in this paper; and
- 9.4.2 **Noted that a short paper will be prepared to set out the route for Phase 2a delivery from now to 2024 (to ensure the deadline for main civils commencement is met).**

Action: Tim Smart

9.5 In providing this approval, the HS2 Board noted:

- 9.5.1 How lessons learnt from Phase 1 have informed the delivery strategy for phase 2a, and have driven a different proposal for how enabling works, main works civils, design and delivery management integration will be performed; and
- 9.5.2 The procurement documents, [REDACTED] will be submitted to HS2 governance in February Board 2021. The [REDACTED] will come through governance Q2 2021.

9.6 The Phase 2 Managing Director, Stations and Phase 2 Procurement Director, and Phase 2 Commercial Director left the meeting.

10 Stations Old Oak Common – Balfour Beatty Vinci Systra Joint Venture Contract Consolidation Notice (HS2B_20_127)

10.1 The Delivery Director, Stations Client Director, Senior Project Manager – S4 Old Oak Common Station, and Commercial Delivery Director (Stations) joined the meeting.

10.2 The Board received and noted a paper which sought approval to issue the 1CP02 Contract Consolidation Notice (CCN) to the Balfour Beatty Vinci Systra Joint Venture (BBVS).

10.3 The following key points were raised and noted:

10.3.1 The Board noted that the Reference Class Analysis that Oxford University had provided previously on suitable contingency percentages was based on initial contract values, and questioned how this level of contingency would be seen when considered through the lens of outturn costs. The Board noted that Saïd Business School had confirmed that the proposed [REDACTED] for OOC equates to a P45 position in the reference class. For a P50 allocation, the Stations Reference Class would expect a [REDACTED]. Management will be undertaking further work with Saïd Business School in early 2021 to look at the West Midlands Stations and Euston.

10.3.2 The Board noted that the cost was slightly higher than what had been allocated in BL7.1, and noted the opportunity to close the gap.

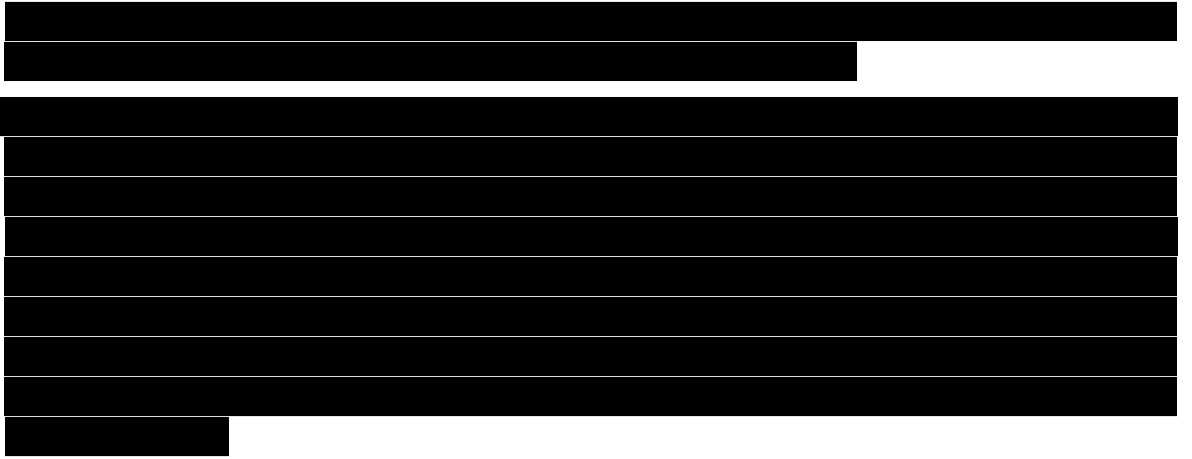
10.3.3 [REDACTED]

10.4 The Board approved the paper and onward transmission to the DFT Investment Portfolio Delivery Committee (IPDC).

10.5 The Board noted:

10.5.1 [REDACTED]

[REDACTED]



10.6 The Delivery Director, Stations Client Director, Senior Project Manager – S4 Old Oak Common Station, and Commercial Delivery Director (Stations) left the meeting.

11 Report from the Audit and Risk Assurance Committee 14 December 2020 (HS2B_20-128) and Senior Accounting Officer Tax Certificate (HS2B_20_129)

11.1 The Chair of the Audit and Risk Assurance Committee introduced the report following the Committee meeting on 14 December 2020.

11.2 The Board noted that the Committee had considered:

- 11.2.1 Risk, Control and Assurance Management Information Report
- 11.2.2 HS2 Internal Audit Update
- 11.2.3 NAO Update: Audit Planning Report for 2020-21
- 11.2.4 Quarterly Counter Fraud Update
- 11.2.5 Six Monthly SIRO Update
- 11.2.6 DEEP DIVE: Major Procurement Controls and Approvals (including Commercial Assurance Improvement Programme Report)
- 11.2.7 Compliance with 2017 IR35 Legislation
- 11.2.8 Crossrail – Summary of next steps. The Board noted that a further report would be reviewed fully by the Committee at their April 2021 meeting.

11.3 The Board noted the update.

11.4 The Board considered the Senior Accounting Officer Tax Certificate report, which set out the content of the SAO Tax Certificate for the year ending 31 March 2020, noting the position on compliance with the 2017 IR35 legislation.

11.5 The HS2 Ltd Board endorsed the proposed SAO Tax Certificate.

12 Report from the Health, Safety, Security and Environment Committee 14 December 2020 (HS2B_20-130)

- 12.1 The Chair of the Health, Safety, Security and Environment Committee introduced the report following the Committee meeting on 14 December 2020.
- 12.2 The Board noted that the Committee had considered:
- 12.2.1 Health, Safety, Security and Environment Performance Report
 - 12.2.2 Best Practice in Plant Safety Innovations
 - 12.2.3 Health and Safety Risk Update
 - 12.2.4 Executive and Board Safe and Heart Proposal
- 12.3 The Board noted the update.

13 Priorities for January 2021 Board to be agreed with the Chair and CEO (HS2B_20-131)

- 13.1 The Board noted Forward Look.
- 13.2 **It was agreed that the Board would receive briefings on Rolling Stock and the Efficiency Challenge Programme in January. The Board also requested to have a detailed discussion on the results of the staff survey.**

Action: Company Secretariat for scheduling

14 Any Other Business and Close

- 14.1 The Chief Executive thanked colleagues for their work over the year, noting the challenging circumstances.
- 14.2 The HS2 Ltd Chairman thanked Board and Executive Members for their work to enable the meeting to take place.