

Meeting minutes

HS2 Ltd Board

Meeting date Wednesday, 24 February 2021

Meeting location MS Teams Meeting

Meeting time 09:00-15:30

Members	Attendees	Apologies
Allan Cook (Chairman) Non-Executive Director	David Bennett (item 07) Delivery Director	Stephen Hughes Non-Executive Director (Comments shared in advance)
Michael Bradley Chief Financial Officer	[REDACTED] Head of Enterprise Capability Programme	
Mel Ewell Non-Executive Director	[REDACTED] Stations and Phase 2 Procurement Director	
Tom Harris Non-Executive Director	[REDACTED] Land and Property Director	
Judith Hackitt Non-Executive Director	[REDACTED] Phase 1 Project Controls Director	
Elaine Holt Non-Executive Director	[REDACTED] Senior Business Manager	
Ian King (items 01-12) Non-Executive Director Secretary of State for Transport's Representative	Nicole Geoghegan General Counsel	
Roger Mountford Non-Executive Director	Neil Hayward (item 09) HR Director	
Ed Smith Non-Executive Director Senior Independent Director	[REDACTED] DfT SRO	
Mark Thurston Chief Executive Officer	Non Owen Company Secretary	
	[REDACTED] Phase 2 Commercial Director	
	Tim Smart (item 13) Phase 2 Managing Director	
	Aileen Thompson (item 05) Strategic Director of Stakeholder Engagement	

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 Mel Ewell regarding leadership being demonstrated by volunteers supporting the rollout of the COVID-19 vaccination who were well organised, positive and polite.
- 1.3 The Board reflected that most if not all who had received the vaccination had the same experience and that good leadership can be demonstrated by everybody.

2 Minutes of the previous meeting and matters arising (HS2B_20-146 and HS2B_20-147)

- 2.1 The Department for Transport (DfT) Senior Responsible Officer (SRO) joined the meeting.
- 2.2 The Board agreed the minutes of the meeting on 22 December 2020 as a true record, following resubmission to clarify Management actions.
- 2.3 The Board agreed the minutes of the meeting on 27 January 2021 as a true record.
- 2.4 The Board noted the status of the actions.
- 2.5 The Company Secretary confirmed to the DfT Observer that HS2 Ltd Board minutes were published up to date on the website.

3 Chair Report and Senior Responsible Officer Update (HS2B_20-148)

- 3.1 The Board noted the report from the Chairman of the Board covering his engagement activities over the month.
- 3.2 The following key points were raised and noted:
 - 3.2.1 There has been no Ministerial Task Force (MTF) meeting for HS2 Phase 1 and 2a since the last Board Meeting, with the next meeting scheduled for 25 February 2021;
 - 3.2.2 The Board noted that the Integrated Rail Plan (IRP) Ministerial Task Force meetings will no longer be held;
 - 3.2.3 Whilst the outcome and publication of the IRP timing is yet to be established, the Board noted the update on the process;
 - 3.2.4 The Board noted the topics discussed between the HS2 Ltd Chairman and HS2 Minister, Andrew Stephenson at the meeting held on 01 February 2021;
 - 3.2.5 The Board noted the status of Executive recruitment;

3.2.6

3.2.7 Following the Non-Executive Director only meeting on 08 February 2021, the Board noted the priority items for Board, Audit and Risk Assurance Committee (ARAC) and Commercial and Investment Committee (CIC) with the Chairman thanking Non-Executives and Management for their support.

3.3 The Board noted the updates.

3.4 The DfT SRO provided a verbal update on key activities across the DfT, including:

3.4.1 Active media engagement following the milestone for Phase 2a securing Royal Assent, 12 months since the PM confirmed the commitment to HS2 Ltd and management of protestor activity;

3.4.2 Preparation for the release of the next six-monthly Parliamentary Report;

3.4.3 Continued review and engagement with HS2 Ltd on Phase 1 cost and schedule;

3.4.4 The Phase 2a Design and Delivery Partner (DDP), noting that the Major Projects Review Group (MPRG) has been deferred in order to provide time to agree the schedule and incentivisation position;

3.4.5 Noting this as an agenda item for the Board discussion, Board Members requested an update on the view from the DfT for discussion. The following key points were raised and noted:

3.4.5.1. The DfT acknowledge that the agreed incentive structure does not necessarily need to preclude the issue of the Pre-Qualification Pack ('PQP'), however alignment is required with the Government business model.

3.4.5.2. Understanding is required on the incentive structure to ensure that this aligns to HS2 Ltd interests for seeking efficiencies and existing contract models.

3.4.5.3. The schedule range needs to be understood and tested and whilst this is not a requirement to agree on the Delivery Model, it is intrinsically linked to the Baseline position.

3.4.5.4. Management advised that at this stage of Phase 2a and the maturity; the schedule position will progress over time in any event.

3.4.5.5. The Chairman thanked the SRO for the feedback and acknowledged understanding of ongoing discussions with DfT and the Infrastructure and Projects Authority (IPA) stakeholders which will continue through March 2021.

3.4.5.6. As such, the Board agreed to consider the comments raised which would be factored into the decision being sought from the Board.

3.4.5.7. The Board recognised the significant amount of work to date; and

3.4.5.8. The Board were advised that at the request of the Commercial and Investment Committee Chair, comments from the IPA and Management responses had been added into the Board materials.

3.5 The Board noted the updates.

3.6 The DfT SRO left the meeting.

4 CEO Summary including Finance Update and college loan position (HS2B_20-149 and HS2B_20-150)

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 received a verbal update from the General Counsel regarding Directors and Officer Insurance for HS2 Ltd Board Members.

4.2.2 **It was agreed that a letter would be issued to each Director setting out the current position and including the previous policy.**

Action: Nicole Geoghegan

4.2.3 The Board noted this as an annual process and the future proposal would also be raised with Board Members at the appropriate time.

4.2.4 The Board noted the corporate updates as reported in the CEO Summary.

4.2.5 Management continues to review Government advice regarding COVID-19 measures to inform return to work arrangements;

4.2.6 Executive appointments remain a key concern for the organisation; and

4.2.7 The Board noted that a briefing would be taken to the March briefing session on Euston workstreams.

4.3 The Board noted the update.

4.4 Ed Smith recused himself from the meeting during the discussion on National College for Advanced Transport & Infrastructure NCATI and the University of Birmingham.

4.5 The Board received a verbal update from the CFO covering finance and spend in the month.

4.6 The Board received and noted a paper providing update on the changes to be made to the existing NCATI loan with HS2 Ltd, to support the merger with University of Birmingham.

4.7 The Board approved the delegation of the execution of the revised loan agreement to the CFO and General Counsel, subject to HMT approval.

4.8 Ed Smith re-joined the meeting.

5 Stakeholder Engagement Update and Corporate Plan (HS2B_20-151)

- 5.1 The Strategic Director of Stakeholder Engagement joined the meeting.
- 5.2 The Board received and noted an update on stakeholder engagement over the month.
- 5.3 The Board received and noted a paper providing an update on the Corporate Plan 2021-24 including the first 25% proposed content for review.
- 5.4 The following key points were raised and noted:
 - 5.4.1 Management is conducting a refresh of the Community Engagement Strategy to compliment increased construction activity.
 - 5.4.2 The Board noted the Programme milestones and planned engagement for the next quarter, including the pre-election restricted period.
 - 5.4.3 The Board discussed senior media briefings advising that alignment with the DfT and HS2 Ltd Minister is key; and
 - 5.4.4 The Board discussed the draft of the corporate plan agreeing that the tone of the document needs to be balanced and include any challenges that the Programme will face.
- 5.5 The Board noted the updates.
- 5.6 The Strategic Director of Stakeholder Engagement left the meeting.

6 Key Performance Indicators (HS2B_20-152)

- 6.1 The Senior Business Manager joined the meeting.
- 6.2 The Board received and noted a paper providing an update on the recommendations arising from initial engagement with the HS2 Ltd Executive Committee and DfT on the Corporate Key Performance Indicators (KPIs) for 2021/22.
- 6.3 The Board discussed the suggested KPIs and requested that Management seek agreement from the DfT on the number of reportable KPIs.
- 6.4 The Board noted that approval of the KPIs will be sought from the Board in March 2021 subject to agreement with the DfT and Ministers.
- 6.5 The Board noted the update.
- 6.6 The Senior Business Manager left the meeting.

7 Delivery Performance including Land and Property Quarterly Update (HS2B_20-153)

- 7.1 The Delivery Director, Phase 1 Project Controls Director and the Land and Property Director joined the meeting.
- 7.2 The Board received and noted the quarterly update from the Land and Property Director and activities during the period including:
 - 7.2.1 Progress to date on Phases 1 and 2a for land acquisitions, spend of gross budget to date and gross budget to net budget.
 - 7.2.2 Live workload cases for compulsory purchases, temporary possessions, statutory blight, strategic acquisitions, rural support zone and homeowner payment.
 - 7.2.3 Key activities for quarter four 2020/2021 including:
 - 7.2.3.1. Phase 1 End of Powers project.
 - 7.2.3.2. Phase 2a Royal Assent stand up.
 - 7.2.3.3. Phase 2b western leg Bill preparation.
 - 7.2.3.4. HS2 Ltd Ministerial Review.
 - 7.2.3.5. Business Readiness; and
 - 7.2.3.6. Financial year end activity.
- 7.3 The Board thanked the Land and Property Director for her work and engagement during her tenure in the role, noting her internal move in the organisation to Phase 2a.
- 7.4 The Board received an update from the Delivery Director on Programme Delivery in the month, noting the following:
 - 7.4.1 Health, Safety, Security and Environment performance in the month.
 - 7.4.2 The Delivery Director updated the Board on an open action regarding milestones agreed for the Main Works Civils Contracts (MWCC) and advised that these were under review at the time of reporting with the supply chain and will be shared when finalised.
 - 7.4.3 Protestor management over the month.
 - 7.4.4 Continued engagement with MWCC Integrated Project Teams (IPTs) on Full Operating Capability.
 - 7.4.5 Cost performance including trends and savings in the month.
 - 7.4.6 Key concerns reported in the month including delayed access, MWCC Design Development and Assurance and schedule pressure.
 - 7.4.7 The Board discussed the current schedule position reported, noting that the bottom-up forecast work is due to be reported to the Board in May 2021.

- 7.4.8 The Board discussed that due to the scale and complexity of the Programme variance month on month in the Programme is to be expected and noted mitigation activities ongoing including alignment of the Rail Systems Contracts to the Programme.
 - 7.4.9 The Board noted that successful mitigations for schedule pressure continue but that naturally scrutiny is and should be given to unmitigated pressures.
 - 7.4.10 The Board discussed the complexity and volume of data and evolving this to demonstrate with stakeholders the systems integration process, the capability which supports this, and the insertion points that will be applied to test the Programme and business readiness.
 - 7.4.11 Management will also reflect on the information which is presented to the HS2 Ltd Board so that time can be taken to review some specific areas of the Programme; and
 - 7.4.12 The Board recognise the data as transparent and good quality but also that, as it is used for different audiences, the information may be interpreted differently.
- 7.5 The Board noted the update.

8 Brexit Opportunities and Impacts (HS2B_20-154)

- 8.1 The Board received and noted a paper providing an update on the key opportunities and impacts to HS2 Ltd of the trade arrangements now agreed following the UK's departure from the European Union following a request for the same at the December 2020 Board meeting.
- 8.2 General Counsel will liaise with Judith Hackitt outside of the meeting to consider wider opportunities and impacts to feed into the workstream.
- 8.3 The Board suggested that this topic be submitted for Board information as the position emerges in coming months.

Action: Nicole Geoghegan/ Company Secretariat for scheduling

- 8.4 The Board noted reference to the Green Paper: Transforming public procurement and the consultation which will conclude on 10 March 2021.
- 8.5 The Board noted the update.

9 Enterprise Capability Update (Quarterly Update) (HS2B_20-155)

- 9.1 The HR Director and Head of Enterprise Capability joined the meeting.
- 9.2 The Board received and noted a paper providing an update on the progress of the Enterprise Capability programme against the targets and a high-level overview of the draft proposed objectives for Enterprise Capability on close out of the programme at the end of March 2021.

- 9.2.1 The Board were reminded that Enterprise Capability had been a requirement as part of Notice to Proceed. Following external engagement, it was agreed that the organisation would then further strive for transformational improvement in prioritised capability across HS2, requiring 14 selected areas to reach enhanced capability (Level 4), by the end of the 20/21 Financial Year (having achieved Level 3 capability).
 - 9.2.2 The Board thanked Management for the level of support and engagement to support the workstream to date.
 - 9.2.3 Management thanked Mel Ewell, who has been the Board Champion at the Enterprise Capability Steering Group.
 - 9.2.4 The Board supported that the workstream now needs to migrate to business-as-usual activity and Management will review existing processes (internal audit, for example) to ensure oversight of this so that focus evolves to business readiness rather than capability.
 - 9.2.5 The Board noted that the Audit and Risk Assurance Committee will review the workstream activity at the March 2021 meeting.
- 9.3 The Board noted the update.
- 9.4 The HR Director and Head of Enterprise Capability left the meeting

10 Report from the Audit and Risk Assurance Committee – 04 February 2021 (HS2B_20-156)

- 10.1 The Board received and noted a paper providing the summary of the matters which were considered at the Audit and Risk Assurance Committee (the Committee) meeting on 04 February 2021.
- 10.2 The following key points were raised and noted:
- 10.2.1 The Committee Chair reminded Non-Executive Directors that there was an open invitation to attend meetings and that the forward look would be made available.
 - 10.2.2 The Board noted the update on the Fraud Risk Assessment and that an update would be tabled for the April Committee meeting.
 - 10.2.3 The Board noted the progress on the DfT Project Representation (P-Rep) monthly report which will now be provided to the HS2 Ltd Board for visibility.
 - 10.2.4 It was noted that Management is reviewing the Management Response to the report, which is suggested at the Quarterly Business Review (QRB) prior to onward submission to the HS2 Ltd Board.
 - 10.2.5 The Committee commended and had approved the Government Internal Audit Agency (GIAA) internal audit plan for 2021/22. The Committee welcomed the increase in coverage and endorsed the plan with a recommendation that the budget should be agreed to by management.

- 10.2.6 The Committee had considered the schedule of deep dives for the calendar year and discussed the volume of activity to capture historic deep dives requiring attention, volume of activity in the business and financial year end; and
- 10.2.7 Board Members commented on the ongoing work to review lessons learned from major projects as part of best practice reporting, noting that the Committee suggest this as an HS2 Ltd Board update.

10.3 The Board noted the update.

11 Report from the Health, Safety, Security and Environment Committee – 17 February 2021 (HS2B_20-157)

11.1 The Board received and noted the update paper on the summary of matters which were considered at the meeting of the Health, Safety, Security and Environment Committee (the Committee) meeting on 17 February 2021.

11.2 The following key points were raised and noted:

- 11.2.1 It was noted that a Safe at Heart session would be held with the Board outside of the formal Board cycle.
- 11.2.2 The Health and Safety Passport Scheme (HSPS) is planned for a 'go live' in May 2021. It was agreed that this should be added as a briefing topic for the Board.
- 11.2.3 A review of the Enterprise Health and Safety Performance Indicators (HSPI) is ongoing. The Committee agreed to maintaining the HSPI methodology and welcomed a more simplified set of input measures, as well as the introduction of a visual scorecard and will receive a further proposal in April 2021.
- 11.2.4 A review is in progress to make sure sufficient support is available and known to staff on resources for mental health and wellbeing; and
- 11.2.5 Considering events at Euston Square Gardens, the Committee have requested that Security and Protestor Management be brought forward for Committee reporting. It was suggested that a fuller Board update might be appropriate together with lessons learned.

11.3 The Board noted the update.

12 Report from the Commercial and Investment Committee – 11 February 2021 (HS2B_20_158)

12.1 The Board received and noted the update paper on the summary of matters which were considered at the Commercial and Investment Committee (the Committee) meeting on 11 February 2021.

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

- 12.3 The Board noted the Committee report, where the Committee had considered the below items:
 - 12.3.1 A close out note regarding Client Services Utilities and the level of risk used by Phase 1 utility companies.
 - 12.3.2 The Committee have requested to be provided with a further report on the matter at their meeting in June 2021.
 - 12.3.3 [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - 12.3.6 It was noted that funding will be from within the Baseline (BL) 7.1-point estimate and transferred to the S3 CP Control Account.
 - 12.3.7 [REDACTED] and
 - 12.3.8 The Board noted the Major Procurements Pipeline submitted with the report, which is reviewed by the Committee.
- 12.4 The Board noted the updates.
- 12.5 The Committee had also considered papers on:
 - 12.5.1 The Phase 2a Design Delivery Partner Package Procurement Plan (PPP) and Pre-Qualification Pack (PQP); and
 - 12.5.2 The Phase 2a – Design & Delivery Partner (DDP) Commercial Model, setting out the [REDACTED]
- 12.6 In accordance with the role of the Committee, the papers had been considered prior to the decisions being sought from the HS2 Ltd Board for the Phase 2a PPP, PQP and Commercial Model.
- 12.7 The Committee Chair summarised the discussion, the detail of which is contained in the report.
- 12.8 The following key points were raised and noted:
 - 12.8.1 The Committee have received previous updates from Management regarding the Phase 2a Delivery Model and due to the complexity of the procurement and the

intrinsically linked components, some of the comments and observations are to be addressed at a future stage.

- 12.8.2 There is a significant volume of data which has been produced to support the procurement and decisions being sought.
- 12.8.3 The Committee had requested that the comments from the IPA and Management responses be added into the Board materials to support the discussion.
- 12.8.4 Management have been liaising with the DfT to expedite the ability to go to the market and reducing the governance timeline to enable this.
- 12.8.5 The timetable currently means that there is an overlap between procurement of the DDP and procurement of the MWCC. Options for managing this are to adopt a phased letting of contracts and determine whether to let one-stage contracts (with a detailed design) or two-stage contracts.
- 12.8.6 The DDP will have some flexibility over this decision and speeding up the procurement of the DDP could reduce the overlap by three months.
- 12.8.7 The Committee requested that Management be explicit in the [REDACTED]
[REDACTED]
[REDACTED]
- 12.8.8 The Committee had discussed management of behaviours over the lifecycle of long contracts.
- 12.8.9 The Committee had considered the incentivisation model and risk package associated with the Commercial Model. The Committee had discussed the balance of upside and downside risk to HS2 Ltd and the contractor.
- 12.8.10 The Committee had discussed the observations of P-Rep [REDACTED]
[REDACTED]
[REDACTED]
- 12.8.11 Management discussed with the Board, the previous discussion regarding agreement of schedule with the DfT and Management confirmed confidence with the schedule and activity being proposed.
- 12.8.12 The Board noted the updated timeline provided by Management showing the implications of the reduction in governance time; and
- 12.8.13 The Committee referenced Management's proposal to delegate the Invitation to Tender (ITT) to Management, which is a decision also being sought from the Board.
- 12.9 Management noted the feedback from the Committee and Board discussion as per the above and advised the Board that it was key to maintain momentum to commence the process for the PPP and PQP.
- 12.10 Management requested approval to proceed subject to returning through governance on contingent items relating to the tender or future decisions.
- 12.11 The decision for delegation to HS2 Commercial and Investment Panel (CIP) to issue the ITT would therefore be deferred.

- 12.12 The Board requested that there is agreement from the DfT and P-Rep on the approach.
- 12.13 The Board commended the vast amount of work carried out to date by both Management and the CIC and agreed that in order to maintain pace and momentum for the delivery of the DDP, and with the assurances provided by Management, supported the continuation.
- 12.14 The Board noted the update.

13 Phase 2a Design Delivery Partner – PPP and PQQ issue. (Including Phase 2a Design Delivery Partner Commercial Model Principles) (HS2B_20_159)

- 13.1 The Board received and noted the paper seeking:
 - 13.1.1 Approval of the DDP Package Procurement Plan ('PPP') and the Pre-qualification Pack ('PQP'); and
 - 13.1.2 Approval of [REDACTED] and [REDACTED]
 - 13.1.3 Approval to delegate to HS2 CIP the decision to issue the Invitation to Tender (ITT), following an acceptable presentation of PQQ shortlisting process and completion of the assurance of the ITT documentation.
- 13.2 Subject to the discussion covered during the report of the CIC and the SRO update, the HS2 Ltd Board:
 - [REDACTED]
 - [REDACTED]
 - 13.2.2 [REDACTED]
 - [REDACTED]
 - 13.2.3 Deferred the approval decision to delegate to HS2 CIP to issue the Invitation to Tender (ITT).
- 13.3 The Phase 2 Managing Director, Phase 2 Commercial Director and Stations and Phase 2 Procurement Director left the meeting.

14 Priorities for March 2021 Board to be agreed with the Chair and CEO (HS2B_20-160)

- 14.1 The Board noted forward look and the briefings planned for the calendar year.
- 14.2 The Board noted the volume of commercial, procurement and investment matters for consideration, and that handling of such matters was being considered to maintain efficiency at the Board, with a need for optimal balance between strategic and operational requirements.

15 Any Other Business and Close

- 15.1 The Board received a verbal update from the General Counsel regarding ongoing litigation matters.
- 15.2 The Board noted that an administrative approval would be sought from the Board in correspondence to propose flexibility for signatory arrangements for the organisation.
- 15.3 Non-Executive Directors discussed the possibility of introducing COVID-19 safe site visits which will be reviewed in parallel with Government advice and internal risk assessment.
- 15.4 There were no additional items of business raised for discussion.