

Meeting minutes

HS2 Ltd Board

Meeting date Wednesday, 31 March 2021

Meeting location MS Teams Meeting

Meeting time 09:00-16:00

Members	Attendees	Apologies
Allan Cook (Chairman) Non-Executive Director	[REDACTED] Senior Procurement Manager	
Michael Bradley Chief Financial Officer	David Bennett (items 05, 10, 11 and 12) 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	[REDACTED] Phase 1 Project Controls Director	
Elaine Holt Non-Executive Director	[REDACTED] Senior Business Manager	
Stephen Hughes Non-Executive Director	[REDACTED] Head of Risk	
Roger Mountford Non-Executive Director	Nicole Geoghegan General Counsel	
Ed Smith Non-Executive Director Senior Independent Director	[REDACTED] Civils Client Director	
Mark Thurston Chief Executive Officer	[REDACTED] DfT SRO	
	Non Owen Company Secretary	
	[REDACTED] Phase 2 Commercial Director	
	[REDACTED] Head of Delivery Rolling Stock Projects)	
	[REDACTED] Interim PMO Director	
	[REDACTED] Civils and Services Commercial Delivery Director	

	██████████ Systems Delivery Director	
	Aileen Thompson (item 04) Director of Communications and Stakeholder Management	
	██████████ Project Director	

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 Judith Hackitt regarding diversity and inclusion following Judith becoming an Ally at HS2 Ltd. Judith provided reflection of her own experience of having her identity challenged and encouraged other members of the Board to engage with the Ally initiative.

2 Minutes of the previous meeting and matters arising (HS2B_20-161 and HS2B_20-162)

- 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 24 February 2021 as a true record.
- 2.3 **The Board noted the status of the actions and requested a correction to action 20/094 to reflect March rather than February.**

Action: Non Owen

3 Chair Report and Senior Responsible Officer Update (HS2B_20-163)

- 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 The Integrated Rail Plan (IRP) publication will be delayed until after the May elections.
 - 3.2.2 The HS2 Phase One and Phase 2a Ministerial Task Force (MTF) meeting was held on 25 March 2021. Key topics discussed were HS2 Ltd Management Information, Performance data for February 2021, Old Oak Common Station and Land and Property review.
 - 3.2.3 The Chairman continues regular meetings with the HS2 Ltd Minister, with the most recent meeting at the time of reporting on 18 March 2021.

- 3.2.4 The Board noted the status of Executive recruitment.
- 3.2.5 Regular Non-Executive Director only meetings continue to be held.
- 3.2.6 Approval of the HM Treasury Non-Executive Director remains subject to formal confirmation at the time of reporting to the Board.

3.3 The Board discussed Director and Officer Insurance following correspondence from the General Counsel.

3.4 **The Board requested that the letter be revised to reflect the previous policy and that amendment of the annex be made for the limitation claim.**

Action Nicole Geoghegan

3.5 **The Board requested that the Company Secretary correspond with the DfT Shareholder team to keep them abreast of the agreed position.**

Action: Non Owen

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

- 3.6.1 Progress on Phase 2a and Rolling Stock.
- 3.6.2 Publication of the second bi-annual update to Parliament and subsequent discussions on the cost forecasting.
- 3.6.3 Discussions have been taking place with regard to Phase 1 cost and risk due to the nature and complexity of the Programme. There is a good level of confidence that opportunities are being explored.
- 3.6.4 The DfT recognise improved consistency on data being provided to stakeholders and reiterated that clarity and consistency of language is important during stakeholder discussions and data sharing.
- 3.6.5 [REDACTED]
- 3.6.6 [REDACTED]
- 3.6.7 Board Members suggested a stakeholder seminar might be run to advise on the accountabilities, deliverables and activities of HS2 Ltd and the information presented. The Board recognise that the timing of this should be reviewed in line with election and governmental activity.
- 3.6.8 The Chair of the Audit and Risk Assurance Committee advised the DfT SRO that a call would be arranged with regard to Project Representative (P-Rep) interactions.

3.7 The Board noted the updates.

3.8 The DfT SRO left the meeting.

4 CEO Summary including Communications and Stakeholder Engagement and Finance Update and 2021/2022 budget (HS2B_20-164, HS2B_20-165 and HS2B_20-166)

- 4.1 The Board noted the Management Information and the report from the CEO.
- 4.2 The Director of Communications and Stakeholder Management joined the meeting.
- 4.3 The following key points were raised and noted:
 - 4.3.1 The Board were provided with an updated summary of key points from the Quarterly Business Review (QBR) update from the CEO.
 - 4.3.2 Management are reviewing return to the workplace plans.
 - 4.3.3 The next Tier 1 CEO Forum is planned for 16 April 2021.
 - 4.3.4 All staff communications have been issued confirming the Company wide pay pause.
 - 4.3.5 The Board noted the planned activity for the Integrated Approvals Plan for Rail Systems.
 - 4.3.6 The Board noted the status of the Phase 2b Western leg hybrid Bill deposit, challenges and next steps.
 - 4.3.7 **The Board noted the recent Innovation Engine Week and requested visibility of the sessions.**

Action: Non Owen
 - 4.3.8 The Board noted the Wellbeing survey results.
 - 4.3.9 The CEO provided a summary of the volume of work which has been ongoing in lockdown and remote working environments including but not limited to:
 - 4.3.9.1. Volume of and complexity of information
 - 4.3.9.2. Management Information
 - 4.3.9.3. External engagement
 - 4.3.9.4. Enterprise capability
 - 4.3.9.5. Rolling Stock Contract Award
 - 4.3.9.6. Birmingham Interchange Station
 - 4.3.9.7. Advanced Civils works
 - 4.3.9.8. Phase 2a DDP
 - 4.3.10 The CEO reflected that this is a significant amount of work being delivered in challenging times, making surveys with the organisation important.

- 4.3.11 Management reiterated that whilst transparency remains a key priority, teams also need to be given the right level of freedom in order to make agile decisions for the business.
- 4.4 The Board received an update from the Director of Communications and Stakeholder Management.
- 4.5 The Board noted activities in the month including:
 - 4.5.1 Helpdesk enquiries;
 - 4.5.2 Complaint statistics;
 - 4.5.3 Media updates;
 - 4.5.4 Internal communication statistics;
 - 4.5.5 National and local stakeholder engagement; and
 - 4.5.6 Corporate reporting, Programme and external milestones.
- 4.6 The Board received an update from the CFO regarding the financial position in the month.
 - 4.6.1 The Board noted [REDACTED]
 - 4.6.2 The Board noted savings delivered in the period.
 - 4.6.3 The Board noted [REDACTED]
- 4.7 The Board received and noted a paper providing visibility of the 2021/2022 Budget agreed by the Executive Committee.
- 4.8 It was noted that this exercise sets budgets by Directorate for HS2 Ltd for 2021/2022 in line with the funding requested from Department for Transport as part of the Consolidated Spending Review (CSR20).
- 4.9 The Board discussed the workforce allocation, noting that there will be an Executive led review of the data, and benchmarking, with the output expected in the Autumn of 2021. The Board requested that the benchmarking be reviewed, and cross checked with the work undertaken by Elaine Holt for the Senior Pay Review.
- 4.10 The Director of Communications and Stakeholder Management left the meeting.

5 Delivery Performance Update, Schedule Mitigation and MWCC update: BBV (HS2B_20-167) (HS2B_20-168) (HS2B_20-169)

- 5.1 The Phase 1 Project Controls Director, Civils Client Director, Civils and Services Commercial Delivery Director and Delivery Director joined the meeting.
- 5.2 The Board received and noted a Phase One Performance Overview update.

- 5.3 The following key points were raised and noted:
- 5.3.1 Updates on health, safety, security and environmental performance in the period.
 - 5.3.2 It was noted that Judith Hackitt will engage with the Delivery Directorate on lessons learned from safety incidents.
 - 5.3.3 Key issues and concerns across the delivery portfolio.
 - 5.3.4 The Board noted the update on Euston key decisions. The Board had received a fuller informal briefing on Euston the previous afternoon.
 - 5.3.5 The Board noted the updates on schedule and cost performance in the period including performance against the budget, point estimate and contingency.
- 5.4 The Board noted the updates.
- 5.5 The Board received and noted an update on the Phase 1 Schedule Mitigation and Control Strategy and Plan.
- 5.6 The following key points were raised and noted:
- 5.6.1 The Board noted that a mitigation exercise has been deployed from November 2020 through to February 2021 and has identified that key to successful strategic optimisation of the Phase One schedule lies in the re sequencing of the handovers from the Construction Portfolios to the Systems Portfolios and in particular from Civils to High Speed Railway Systems.
 - 5.6.2 The Board noted the Management Information presented showing performance of the previous month and against the current month, with an overlay of the assets delivered across 28 sectors.
 - 5.6.3 The Board noted the complexity of scope in the north, due to the constrained area, with no lateral access and limited options for workforce and supply.
 - 5.6.4 The southern scope involves underground works and tunnelling and is therefore reliant on handovers with no opportunities to change delivery.
 - 5.6.5 Management confirmed that the statements about north and south complexity will be validated and tested for any opportunities.
 - 5.6.6 Management acknowledge that whilst there are a lot of rural assets, the 'toolkit' to manage these is increased.
 - 5.6.7 The Management exercise remains ongoing to validate the proposed approach but is felt appropriate to modify the initial strategy (agreed at Baseline 6).
 - 5.6.8 Management will look to maximise the ability of systems with the trace available to start commissioning and how this can be done for the advantage of the Programme.
 - 5.6.9 Management were advised to consider the narrative for wider stakeholders on the approach being taken and the advantages of doing so.
 - 5.6.10 Work will continue on the strategy and execution through April 2021.

- 5.6.11 Detailed plans have been shared, with Management now working with stakeholders on the action plans.
 - 5.6.12 Management are reviewing the alternate temporary control centre options, including whether this should be permanent, and the location.
 - 5.6.13 The Board requested that there is a view of how effectively the contracts are working and the timeline for this, including when this view will return to the Board.
 - 5.6.14 The Board noted that Management will continue to work and validate options and the construction target schedule with a view to having the final agreed milestones, quantities, costs and deliverables reporting in Management Information by July 2021.
- 5.7 The Board received and noted an update on the BBV Contractor delivering scope for the Main Works Civils Contract.
- 5.8 The Board noted the scale of complexity of this Integrated Project Team (IPT), the geography and number of assets involved, and received an update on the Commercial Model.
- 5.9 The Board noted the update covering:
- 5.9.1 Progress across the sites, including the hours worked in February 2021.
 - 5.9.2 The preparatory works for the Tunnel Boring Machine (TBM) at the Long Itchington North Portal and the South Portal at Bromford.
 - 5.9.3 The status of the IPT journey to Full Operating Capability. The Board noted that the process is not the same as used for the HS2 Ltd Enterprise Capability Model but rather a combined assessment and noted good engagement from the supply chain.
 - 5.9.4 An update on the Commercial Strategy plan on a page (POAP), the Programme and current interface and handover status, and the design update.
 - 5.9.5 The ongoing work with the IPT on the contract position as a stepped approach.
- 5.10 The Board noted the updates.
- 5.11 The Phase 1 Project Controls Director, Civils Client Director, Civils and Services Commercial Delivery Director and Delivery Director left the meeting.

6 Strategic Risks (HS2B_20-170)

- 6.1 The Interim PMO Director and the Head of Risk joined the meeting.
- 6.2 The Board received and noted a paper providing an update on the proposed approach to managing Strategic Risks at HS2 in 2021.
- 6.3 The Board received a summary from the Head of Risk following a Board workshop held in 2020 on the strategic risks and the progress and process followed since.

- 6.4 The Board noted the structure and proposal, noting that at the bi-annual workshops, there will be opportunity for horizon scanning and external factors.
- 6.5 The Board noted that risk appetite is currently under review over the coming months and this will be taken into the workshop sessions.
- 6.6 The Board requested that the risk appetite work aligns to the Development Agreement and the DfT risk appetite.
- 6.7 The Board noted that the treatment strategies for the risks will also be reviewed in order to minimise the impact or likelihood of risk.
- 6.8 Further work continues on the risk hierarchy and the interface between the organisation and the Programme including the thresholds to escalate and refer to the HS2 Ltd Board.
- 6.9 The HS2 Ltd Board:
 - 6.9.1 Approved the approach to managing HS2 Strategic Risks in 2021; and
 - 6.9.2 Noted and approved the Strategic Risk Review Calendar for reviewing and managing HS2 Strategic Risk in FY 2021/2022; and
 - 6.9.3 Noted the current status of the Strategic Risk Register and the progress made since the last workshop in October 2020.
- 6.10 The Interim PMO Director and the Head of Risk left the meeting.

7 Key Performance Indicators (HS2B_20-171)

- 7.1 The Senior Business Manager joined the meeting.
- 7.2 The Board received and noted a paper which sought approval of the proposed HS2 Ltd key performance indicators (Corporate KPIs) for 2021/22.
- 7.3 The HS2 Ltd Board:
 - 7.3.1 Noted the progress since the initial Board discussion on 24 February 2021.
 - 7.3.2 Approved the proposal to go forward to Ministers at the Department for Transport (DfT) for final agreement; and
 - 7.3.3 Agreed to delegate any required changes following ministerial review to the Chief Executive.

8 Report from the Commercial and Investment Committee – 11 March 2021 and New Reporting Process (HS2B_20-172)

- 8.1 The Board received and noted the update paper on the summary of the three matters which were considered at the Commercial and Investment Committee (the Committee) meeting on 11 March 2021, and all of which were on the Board agenda.

- 8.2 The Board noted that the Committee had agreed to pilot a new way of reporting, by inviting management to respond in writing following the meeting. The Committee's principal questions, and management's responses were summarised in short reports at the start of each of the relevant items in the Board papers.
- 8.3 The Board noted the update.

9 Phase 2a Advanced Civils Work – PPP Approval and 09a Phase 2a DDP Update Schedule Position and Approvals (HS2B_20-173) and Phase 2a Update DDP and Schedule; and Approvals for Commercial Model Principle and Management Delegations (HS2B_20-174)

- 9.1 The Phase Two Commercial Director and the Stations and Phase Two Procurement Director joined the meeting.
- 9.2 The Board received and noted a paper which sought endorsement of the Phase 2a Advanced Civils Works (ACW) Package Procurement Plan ('PPP') and the Expression of Interest ('EOI') for onward travel to the DfT prior to issue of EOI in April 2021 and Contract Award [REDACTED]
- 9.3 The Board noted the principal issues raised by the CIC for Board attention as:
- 9.3.1 Whether the Company's objectives for [REDACTED] during construction are adequately reflected in the procurement process and whether tenderers' commitments should be contractualised more formally.
 - 9.3.2 Whether HS2 Ltd needs to consider in advance, the implications, [REDACTED]
[REDACTED]
 - 9.3.3 [REDACTED]
[REDACTED]
- 9.4 The Board noted that based on the Development Agreement, HS2 Ltd does not have delegated authority to award early works contracts for Phase 2a and as such DfT and HM Treasury will work with HS2 Ltd to assure key steps in the process of procurement.
- 9.5 HS2 Ltd continue to work with the DfT to mitigate the impact of this assurance on the delivery programme.
- 9.6 The request for approval is made with the PPP and PQP having successfully completed LOD2 and LOD3 assurance with 'Reasonable Assurance'.
- 9.7 The HS2 Ltd Board endorsed the Phase 2a ACW Package Procurement Plan ('PPP') and the Expression of Interest ('EOI') for onward travel for approval and subsequent commencement of formal down-selection process through the release of the request for frameworks suppliers to express interest.

- 9.6 The Board received and noted a paper which provided an update on the Phase 2a delivery model and schedule and sought deferred approvals from 24 February 2021 Board, ahead of IPDC/MPRG decisions.
- 9.7 The HS2 Ltd Board:
 - 9.7.1 Noted the progress made and outputs of additional review from DfT, IPA and Government Commercial Function;
 - 9.7.2 Noted amendments to the DDP commercial model;
 - 9.7.3 Noted the DfT DiS range and rationale;
 - 9.7.4 Approved the commercial model and risk allocation principles proposed; and
 - 9.7.5 Approved delegation to HS2 Ltd Commercial and Investment Panel (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.
- 9.8 The Phase Two Commercial Director left the meeting.

10 Birmingham Curzon Street Station Construction Contract Award Recommendation (HS2B_20-175)

- 10.1 The Stations Client Director joined the meeting.
- 10.2 The Board received and noted a paper which sought endorsement from the HS2 Ltd Board of the contract award recommendation and Investment Authority for Stage One of the construction contract for Birmingham Curzon Street Station (BCS).
- 10.3 The Board noted the summary of key questions raised by the CIC as detailed in the CIC report.
- 10.4 The CIC drew to the Boards attention the [REDACTED]
- 10.5 The Board received a presentation containing the outcome of the process, with Tenderer identities represented with pseudonyms.
- 10.6 The HS2 Ltd Board:
 - 10.6.1 Approved the award of the D&B Contract for BCS.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[Redacted]

[Redacted]

11 Birmingham Interchange Station – Package Procurement Plan (HS2B_20-176)

11.1 The Project Director joined the meeting.

11.2 The Board received and noted a paper which sought approval of the approach set out in the Package Procurement Plan ('PPP') at the Birmingham Interchange Station (ICH) for onward transmission DfT IPDC.

11.3 The Board noted the summary of key points from the CIC as detailed in the report, and the principal issues for the Boards attention, namely:

[Redacted]

[Redacted]

[Redacted]

11.4 The following key points were raised and noted:

[Redacted]

11.4.2 The PPP has completed both LOD2 and LOD3 with 'Reasonable Assurance' on the proposed approach

11.4.3 HS2 Ltd Board were being requested to approve delegation to HS2 CIP to approve issuing the ICH PQP and ITT, following an acceptable presentation of the PQP documentation, shortlisting post PQQ and assurance of the ITT documentation.

11.5 The HS2 Ltd Board:

11.5.1 Approved the approach set out in the Package Procurement Plan ('PPP') at the ICH for onward transmission DfT IPDC; and

11.5.2 Approved delegation to HS2 CIP to approve issuing the ICH PQP and ITT, following an acceptable presentation of the PQP documentation, shortlisting post PQQ and assurance of the ITT documentation.

- 12.1 The Board received and noted a paper which presented HS2's impact assessment of the Secretary of State Change Notice (SoSCN) ref: SoSCN-2020-0015 instructed by the DfT in November 2020 and which sought approval for the impacts to be issued back to DfT.
- 12.2 The following key points were raised and noted:
- 12.2.1 The Board noted assurance activities covering scope, cost, schedule and risk, with Line of Defence (LOD)1 and LOD2 having been completed.
 - 12.2.2 LOD2 concluded that impacts identified were acknowledged as accurate and robust and recommended continuation to conclusion of the formal change, responding to DfT on 2020-0015-SoSCN.
 - 12.2.3 It was noted that P-Rep have been engaged throughout the LOD 2 assurance process and have been involved in ongoing meetings with DfT [REDACTED] P-Rep provided comments on the cost build up to 05 March 2021 which were discussed in person and formally responded to on 19 March 2021, with additional justification provided where appropriate. Further queries are likely to be discussed, however Management consider these do not prevent this paper from being submitted to the DfT.
 - 12.2.4 The Board noted the summary of:
 - 12.2.4.1. Cost impact assessment;
 - 12.2.4.2. Schedule impact assessment;
 - 12.2.4.3. Risk impact assessment;
 - 12.2.4.4. Commercial impact assessment;
 - 12.2.4.5. Benefits, Development Agreement and Whole Life Cost Impact Assessment;
 - 12.2.4.6. Health and Safety Impact Assessment;
 - 12.2.4.7. Land and Property Impact Assessment; and
 - 12.2.4.8. Third Party Impact Assessment
- 12.3 The HS2 Ltd Board:
- 12.3.1 Approved the impacts identified within the paper and confirmed that these could be formally issued to the DfT in response to the SoSCN.
 - 12.3.2 [REDACTED]
 - 12.3.3 Noted that the Investment Authority figure excluded HS2 Management Costs, HS2 Risks and Decommissioning costs which would not impact Approved Budget or Investment Authority for the [REDACTED]

13 Rolling Stock identification of Lead Tenderer (HS2B_20_178)

- 13.1 The Systems Delivery Director, the Senior Procurement Manager and the Head of Delivery Rolling Stock Projects joined the meeting.
- 13.2 The Board had met the previous day in order to discuss the Rolling Stock contract award process in order to be re appraised of:
- 13.2.1 What is being procured;
 - 13.2.2 What is important for HS2 Ltd;
 - 13.2.3 Status in the five stage process;
 - 13.2.4 The remaining Tenderers; and
 - 13.2.5 Next steps
- 13.3 The Board received and noted a paper which informed the Board that HS2 has an obligation to obtain DfT approval for selection of the Lead Tenderer in respect of the Rolling Stock procurement prior to commencing the contractualisation process.
- 13.4 The Board noted that the HS2 Ltd tender process requires, that once the Lead Tenderer is identified, a number of reserved matters are also approved to be included in contract negotiations with the Lead Tenderer.
- 13.5 In preparation for contract award, the paper also included the proposed delegations needed for HS2 to manage delivery of the contracts (the “Operational Delegations”).
- 13.6 The Tenderers in the process have been anonymised with pseudonyms used to present the outcome of the process.
- 13.7 The HS2 Ltd Board:
- 13.7.1 Approved the selection of the (anonymised) Lead Tenderer and the reserved matters for inclusion in contract negotiations; and
 - 13.7.2 Approved the Operational Delegations that HS2 requires to manage the contracts.
- 13.8 The Systems Delivery Director, the Senior Procurement Manager and the Head of Delivery Rolling Stock Projects left the meeting.

14 Report from the Remuneration Committee - 11 March 2021 and DfT Senior Pay Review (HS2B_179)

- 14.1 The Board received and noted a paper providing the summary of the matters which were considered at the Remuneration Committee (the Committee) meeting on 11 March 2021.
- 14.2 The Board received a verbal update from the Chair of the Remuneration Committee regarding the Senior Pay Review commissioned by the DfT in March 2021.

14.3 The Board noted that the Review was led by Ian King, with input from Mel Ewell, the Chair of the Remuneration Committee and Elaine Holt. HS2 Ltd Executive input was provided to support the Review including CEO commentary and assessment.

14.4 **It was agreed that the Review would be shared with Board Members following submission to the SoS and HS2 Ltd Minister.**

Action: Non Owen

14.5 The Board thanked those involved for their effort and input to the Review.

15 Report from the Extraordinary Audit and Risk Assurance Committee – 18 March 2021 (HS2B_180)

15.1 The Board received and noted a paper providing the summary of the matters which were considered at the Extraordinary Audit and Risk Assurance Committee (the Committee) meeting on 18 March 2021.

16 Report from the Environmental Sustainability Committee – 24 March 2021 (HS2B_181)

16.1 The Board received and noted a paper providing the summary of the matters which were considered at the Environmental Sustainability Committee (the Committee) meeting on 24 March 2021.

17 Priorities for April 2021 Board to be agreed with the Chair and CEO (HS2B_20-182)

17.1 The Board noted the forward look and the briefings planned for the calendar year.

18 Any Other Business and Close

18.1 There were no additional items raised for discussion.