

# Meeting minutes

## HS2 Ltd Board

**Meeting date** Wednesday, 02 June 2021

**Meeting location** [REDACTED]

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

Members	Attendees	Apologies
Allan Cook (Chairman) Non-Executive Director	David Bennett (item 6)* Delivery Director	
Michael Bradley* Chief Financial Officer	[REDACTED] Transport Modelling Lead	
Mel Ewell Non-Executive Director	[REDACTED] Project Director	
Judith Hackitt Non-Executive Director	[REDACTED] Phase One Controls Director	
Tom Harris Non-Executive Director	Nicole Geoghegan General Counsel	
Elaine Holt Non-Executive Director	[REDACTED] Sponsorship Director	
Stephen Hughes Non-Executive Director	[REDACTED] Interim Land & Property Director	
Ian King (to item 6) Non-Executive Director	[REDACTED] DfT SRO	
Roger Mountford Non-Executive Director	[REDACTED] Commercial Analysis Lead	
Ed Smith Senior Independent Non-Executive Director	[REDACTED] Senior Analyst	
Jon Thompson Non-Executive Director	[REDACTED] Head of Commercial	
Mark Thurston Chief Executive Officer	Non Owen Company Secretary	
	[REDACTED] Systems Delivery Director	
	[REDACTED] Economic Analysis Lead	
	Aileen Thompson (item 5)* Strategic Director of Stakeholder Engagement	

*\*attendance via Videoconference*

## **1 Quorum, Declarations of Interest and Values Moment**

- 1.1 The Chair noted that no apologies had been received and that a quorum was present.
- 1.2 Each member of the Board confirmed that there were no additional conflicts of interest to be declared. Stephen Hughes' position at the Valuation Office Agency was noted with respect to item 6.
- 1.3 The Board referenced the briefings which had been received the previous afternoon, namely: West Coast Partnership Update; Rail Reform Update and Phase 2b West Outline Business Case. The Board commended the quality of presentation from the HS2 Ltd Sponsorship Directorate.
- 1.4 The Board received a values moment from Ed Smith.

## **2 Minutes of the Previous Meeting and Matters Arising (HS2B\_21-018 and HS2B\_21-019)**

- 2.1 The Department for Transport (DfT) Senior Responsible Officer (SRO) joined the meeting.
- 2.2 The minutes of the meeting held on 28 April 2021 were approved as an accurate record of that meeting.
- 2.3 The Board reviewed the Action Schedule, as included in the meeting papers, and noted the status of the actions.

## **3 Chair Report including SRO Update (HS2B\_21-020)**

- 3.1 The Board reviewed and noted the Chairman's Board Update for May 2021, as included in the meeting papers, covering his engagement activities over the month, including:
  - 3.1.1 Department for Transport (DfT) and Government communications.
  - 3.1.2 Executive recruitment.
  - 3.1.3 The Non-Executive Director meeting held on 14 April 2021.
  - 3.1.4 Non-Executive Director recruitment.
  - 3.1.5 The letter received from the Secretary of State for Transport and the Minister of State for Transport setting out the priorities for HS2 in 2021/22 (the "Priorities Letter").

3.2 [REDACTED]

[REDACTED]

[REDACTED]

3.4 The Board requested [REDACTED]

Action: Allan Cook/ Mark Thurston

3.5 [REDACTED]

3.6 It was requested that a formal response be provided outlining how HS2 was implementing the learnings from protestor activity management into protestor management plans for other stages of the programme.

Action: Mark Thurston

3.7 The Board noted the requirement to be prepared to provide its expertise to support the Department for Transport in taking forward the recommendations of the Integrated Rail Plan (IRP), once published. It was noted that how the Board would be able to support the recommendations would be confirmed and that, whilst associated workstreams had progressed, resource would be redirected to these as appropriate to ensure preparedness for the receipt of instruction.

3.8 It was noted that the Williams-Shapps Plan for Rail had been published in May 2021 and the impacts on HS2, including the interface with Network Rail, would be taken into account in future decision making.

3.9 It was agreed that the Corporate Key Performance Indicators (KPIs) would be reviewed against the priorities as set out in the Priorities Letter to ensure they were aligned, for clarity of how the Executive and Board can respond to and support the instruction.

Action: Mark Thurston

3.10 The Department for Transport (DfT) Senior Responsible Officer (SRO) left the meeting.

#### 4 CEO Report (HS2B\_21-021)

4.1 The Board reviewed and noted the CEO Board Summary for May 2021 (the CEO Report), as included in the meeting pack.

- 4.2 It was reported that the first tunnel boring machine had launched and that the Curzon St Station contract had been awarded, with significant positive media attention received for both these milestones.
- 4.3 The Board were informed that the Executive Operating Model revisions had been approved by the Remuneration Committee and, whilst formal approval is required, interim plans are being implemented.
- 4.4 It was stated that Company KPIs for 2021/22 had been submitted for Ministerial approval, with the cascade into Executive and staff objectives to be subsequently completed.
- 4.5 The Board's attention was drawn to the results of the latest staff welfare survey, and it was stated that focus would be placed by the Executive on maintaining staff trust as workplaces were opened up.
- 4.6 The commencement of internal discussions regarding HS2 Ltd being net carbon zero by 2030 was highlighted and it was noted that the Environment and Sustainability Committee would review these plans in the first instance.
- 4.7 It was reported that the Parliamentary and Health Service Ombudsman (PHSO) had published a report. The Board were advised that a proposed response to the decision had been submitted to the Permanent Secretary for review.
- 4.8 The Key Concerns and Areas of Focus, as outlined in the CEO Report, were noted by the Board.
- 4.9 **It was noted that the finalised NAO update report would be circulated to the Board once received in mid-June 2021.**

**Action: Company Secretariat**

- 4.10 The focus on protestor activity in the Phase 2a area was highlighted and [REDACTED].
- 4.11 The Board received a verbal update with respect to a legal challenge action that had ceased.
- 4.12 It was reported that an Executive session was to be held to review the Commercial Case and Delivery Strategy for Phase 2b, including the impact on construction materials markets.
- 4.13 [REDACTED]
- 4.14 The Board received an update on the finances in the month from the CFO.
- 4.15 It was explained that the NAO audit of the FY2020/21 accounts was behind plan due to increased sample testing. It was noted that a detailed report of the situation would be presented to the Audit and Risk Assurance Committee meeting to be held on 09 June 2021.

## **5 Communication Stakeholder Engagement Update and Corporate Plan Update (HS2B\_21-022 and HS2B\_21-023)**

- 5.1 The Strategic Director of Stakeholder Engagement joined the meeting.
- 5.2 The Board reviewed and noted the Strategic Stakeholder Directorate Update for May 2021, as included in the meeting papers.
- 5.3 The slides were presented to the Board which outlined:
  - 5.3.1 The trends of public complaints and enquiries;
  - 5.3.2 A media update;
  - 5.3.3 A social media update;
  - 5.3.4 The national and line of route stakeholder engagement activities;
  - 5.3.5 A campaigns update;
  - 5.3.6 The HS2 routewide Roadshow 2021; and
  - 5.3.7 The story of HS2 being prepared for internal audiences.
- 5.4 In response to a question regarding the trends in quantum of complaints, it was reported that there had been an increase following the COVID-19 pandemic; however, there had been a downward trend in recent months.
- 5.5 The importance of visibility and communication of message at all appropriate events was highlighted including coordination with wider engagement events.
- 5.6 The Board reviewed the Corporate Plan 2021 – 2024 (the Corporate Plan) and noted that approval was sought to approve the Corporate Plan in principle and to delegate authority to the Creative Team and the General Counsel to formally approve and adopt the Corporate Plan once finalised. It was noted that any material changes to the Corporate Plan included in the meeting papers would be subject to approval by the Board.
- 5.7 It was reported that feedback from the Department for Transport and the Minister of State for Transport was being sought in parallel and that the Integrated Rail Plan (IRP) could require amendments to be made to the Corporate Plan.
- 5.8 The Board proceeded to discuss the Corporate Plan and provide their comments and amendments.
- 5.9 After careful consideration, it was AGREED that, subject to the inclusion of the comments made during the meeting, the Corporate Plan be approved in principle and, subject to any material changes being reserved for approval by the Board, that authority be delegated to the Creative Team and General Counsel to approve and adopt the final version of the Corporate Plan.
- 5.10 The Strategic Director of Stakeholder Engagement left the meeting.

## 6 Delivery Performance and Land & Property Update (HS2B\_21-024)

- 6.1 The Delivery Director, Phase One Controls Director and the Interim Land & Property Director joined the meeting.
- 6.2 The Board reviewed and noted the Land and Property HS2 Board Update and the HS2 Monthly Client Report, as included in the meeting papers.
- 6.3 The Health & Safety dashboards for April 2021 were reviewed by the Board and it was noted that performance was within tolerance. It was reported that there had been [REDACTED] the outcome of the investigation and any learnings would be reviewed by the Health, Safety, Security and Environment Committee. The Board were advised that a new property management agency was to be appointed and subsequently improved engagement data would be developed.
- 6.4 The Land & Property slides were presented to the Board. The key points highlighted in particular were that:
- 6.4.1 [REDACTED]
- 6.4.2 There were forecast to be [REDACTED]
- 6.4.3 Progress was being made to achieve forecast volumes to deliver ahead of the end of powers deadline.
- 6.4.4 An update was provided to the Board regarding an active litigation matter.
- 6.4.5 Progress was being made with respect to the implementation of the 36 recommendations of the Ministerial Review, with 10 fully implemented, five being finalised ahead of implementation and work having commenced on all other recommendation actions.
- 6.5 **It was requested that confirmation be provided of when the last audit of the property portfolio was completed.**
- Action:** [REDACTED]
- 6.6 The challenge in applying Land & Property cost and forecasting on an annual basis was considered by the Board. The increased House Price Inflation in 2021 was noted and the Board were advised that there was not expected to be any resultant compulsory purchase order schedule implications.
- 6.7 The HS2 Monthly Client Report was presented to the Board. The updates with respect to schedule, costs, safety, stakeholder engagement, environment and people were noted.
- 6.8 [REDACTED]

- 6.9 The Board were advised that an Executive review of the Safety High Potential Incidents had been instigated.
- 6.10 The Security update was highlighted, in particular [REDACTED]  
[REDACTED]
- 6.11 Attention was drawn to the Phase 1 Volumetrics Headlines and the update that design assurance for certain contractors was taking longer than the 12 weeks assigned and was an issue that was expected to continue in the coming months. **The Board requested a future presentation of an overview of the issue from a technical design standpoint at a future meeting.**
- Action:** [REDACTED]
- 6.12 The Board were provided a schedule update and the progress made to date in the mitigation exercise. It was noted that it was planned for the updated schedule to be signed off by the end of July 2021.
- 6.13 **It was requested that a detailed briefing on the mitigation exercise be provided.**
- Action:** [REDACTED]
- 6.14 The Cost Headlines were reviewed and noted.
- 6.15 Ian King, the Delivery Director, Phase One Controls Director and the Interim Land & Property Director left the meeting.

## **7 Phase 2b Western Leg Outline Business Case Briefing (HS2B\_21-025)**

- 7.1 The Sponsorship Director, Economic Analysis Lead, Senior Analyst, Transport Modelling Lead and Commercial Analysis Lead joined the meeting.
- 7.2 The Board reviewed and noted the Briefing on Phase 2b Western Leg Outline Business Case Paper and the supporting economic analysis contained ("Economic Analysis") as an Appendix, as included in the meeting pack.
- 7.3 It was noted that the economic analysis was provided to the Department for Transport in respect of the value-for-money element of the Economic Case part of the overall Business Case. It was explained that the Outline Business Case would be the first time a value-for-money assessment of Phase 2b Western Leg would be undertaken as a standalone investment.
- 7.4 The Board were advised that subsequent to the completion of analysis to support the Phase One Full Business Case there had been changes that impacted the current analysis being undertaken, namely; updated economy and population forecasts, updated Department for Transport guidance with respect to passenger demand forecasting, and uncertainty regarding future working practices and travel behaviours.

7.5 [REDACTED] following the Chairman's Stocktake, Oakervee Review and the HM Treasury updated Green Book guidance, wider, transformational impacts were to be analysed and included in the Outline Business Case.

7.6 It was noted that the Economic Analysis would be finalised for submission to the Department for Transport in June 2021 and, following assurance, in July 2021, with assured analysis of the transformational impacts delivered in September 2021, ahead of the publication of the Outline Business Case alongside the deposit of the Phase 2b Western Leg Hybrid Bill, expected in December 2021.

7.7 In response to a question regarding the maturity of costs, it was explained that the Audit and Risk Assurance Committee had reviewed the assurance conducted and agreed the immature design required a range to be provided rather than a point estimate.

7.8 The population growth data, as taken from the Office for Budget Responsibility (OBR), was highlighted and it was noted that the central forecasts were subject to mid-term variation. **It was requested that the OBR population information be circulated for reference.**

**Action:** [REDACTED]

7.9 **The Board discussed the emerging findings of the Economic Analysis and requested that further detail be provided with respect to the caveats and assumptions prior to submission to the Department for Transport in July 2021.**

**Action:** [REDACTED]

7.10 **It was requested that preliminary analysis with respect to the transformational benefits be circulated when appropriate to the Board for review and input.**

**Action:** [REDACTED]

7.11 The Sponsorship Director, Economic Analysis Lead, Senior Analyst, Transport Modelling Lead and Commercial Analysis Lead left the meeting.

## **8 Report from the Commercial and Investment Committee 13 May 2021 (HS2B\_21-026)**

8.1 The Managing Director Infrastructure Directorate, Head of Commercial, Systems Delivery Director, Procurement Lead, Track & IMD and Project Director joined the meeting.

8.2 The Board reviewed the Commercial and Investment Committee Report, as included in the meeting pack, and noted the approval under delegation of Phase 2a Enabling Civils Work Package 2: Award Recommendation.



## 9 HS2 Rail Systems Alliance and HS2 Rail Systems ITT Track (HS2B\_21-027 and HS2B\_21-028)

- 9.1 The Board reviewed the Rail Systems Commercial Model for Invitation to Tender paper and the Track Systems Invitation to Tender Approval to Issue paper, as included in the meeting pack, and noted that approval was sought for;
- 9.1.1 the formation of the HS2 Rail Systems Alliance (the “Alliance”), the Alliance commercial model, and for the terms of the Alliance to be offered to the Rail Systems market (the “Alliance Formation”); and
  - 9.1.2 the release of the Invitation to Tender for the Track Systems procurement (the “Track Systems ITT”).
- 9.2 It was reported that the strategy of entering into an alliance had been endorsed by the Commercial and Investment Panel and Commercial and Investment Committee and had been subject to internal and external assurance. It was stated that the Alliance would be subject to formal approval by the Department for Transport. [REDACTED]
- 9.3 It was highlighted that the Track Systems ITT approach was aligned to the principles set out in the Rail Systems Category Procurement Plan and that the outcome of the PQQ process and tender list recommendation had been approved by the Commercial and Investment Panel.
- 9.4 It was reported that the Track Systems Invitation to Tender would be the first tender where contractors would be expected to join the High Speed Rail Systems Alliance and the Commercial and Investment Committee questions and management responses to these items, as included in the meeting papers, were reviewed. The complexity of the procurement was highlighted and therefore a gated process would be utilised with multiple opportunities for the market to feedback on the process.
- 9.5 After careful consideration, it was AGREED that the Alliance Formation and the Track Systems ITT be approved.
- 9.6 The Board were advised that, subject to Government approvals, it was expected that the tender would be issued on [REDACTED]
- 9.7 It was commented that the level of innovation in the creation of an alliance of contractors was positive. It was noted that the concept was being marketed to other countries and markets and that it would be captured within the Learning Legacy.
- 9.8 The Managing Director Infrastructure Directorate, Head of Commercial, Systems Delivery Director, Procurement Lead, Track & IMD and Project Director left the meeting.

## **10 Report from the Communications Leadership Forum 10 May 2021 (HS2B\_21-029)**

- 10.1 The Board reviewed the Communication Leadership Forum Report, as included in the meeting pack, and noted the items that were discussed during that meeting.
- 10.2 It was noted that the term “Good Neighbour” was to be replaced with more appropriate terminology following feedback from communities and stakeholders.
- 10.3 It was reported that a preliminary methodology of a 10 year health study into the potential effects on mental health and wellbeing of building the railway, as had been directed by the Phase 2a Select Committee, had been reviewed by the Communication Leadership Forum. The study had been approved in principle, with commencement in August 2021 subject to the Communication Leadership Forum approving the detailed methodology. [REDACTED]

## **11 Report from the Environmental Sustainability Committee 11 May 2021 (HS2B\_21-030)**

- 11.1 The Board reviewed the Environmental Sustainability Committee Report, as included in the meeting pack, and noted the items that were discussed during that meeting.
- 11.2 The Board’s attention was drawn to the outline of the presentation from the Committee on Climate Change, in particular the advice to organisations in relation to major risks related to increased temperatures, and that the HS2 approach to resilience and climate change adaptation was aligned to this advice.
- 11.3 It was reported that, following the submission of the formal Phase 2b NRAPSI response and final Biodiversity Report to the Department for Transport, a working group would be convened to agree the requirements of the HS2 Biodiversity Action Plan.

## **12 Report from the Remuneration Committee 13 May 2021**

- 12.1 The Board received the paper on the topics discussed at the Remuneration Committee held on 13 May 2021.
- 12.2 The update with respect to annual performance was noted and the Board thanked those Executives eligible, for the waiver of bonuses and the level of work concluded during the year.
- 12.3 **It was noted that there were two minor amendments to the presented 2021/22 objectives which would be circulated after the meeting.**

**Action: Mark Thurston**

- 12.4 The Board were informed that the 2021 Senior Salaries Review Body Report was expected to be released the following week and subsequently the role and remit of the Remuneration Committee would be reviewed.
- 12.5 It was reported that finalisation of the Operating Model was continuing by the Executive, with interim arrangements being implemented at this time.
- 12.6 The Board were advised that quota and senior roles remains under review by the Remuneration Committee, with benchmarking to be undertaken where available.
- 12.7 **It was agreed that the Board be invited to attend the Remuneration Committee on 15 July 2021 to attend the talent and succession planning workshop.**

**Action: Non Owen**

### **13 Report from the Audit and Risk Assurance Committee 24 May 2021 (HS2B\_21-032)**

- 13.1 The Board reviewed the Audit and Risk Assurance Committee Report, as included in the meeting pack, and noted the items that were discussed during that meeting.
- 13.2 It was reported that, due to the current level of maturity and the challenge of providing assurance on the Phase 2b Baseline (Western Leg) [REDACTED], it had been agreed that a point estimate was not appropriate and a range would be included at this time.
- 13.3 It was noted that the Audit and Risk Assurance Committee had reviewed the Annual Integrated Assurance and Approvals Plan and had agreed that it was appropriate and robust.
- 13.4 The Board noted the update with respect to the presentation received by the Audit and Risk Assurance Committee with respect to assurance in IPTs.

### **14 Forward Look (HS2B\_21-033)**

- 14.1 The Committee reviewed the Forward Look paper, as included in the meeting pack, and noted the items scheduled for discussion at future meetings.

### **15 Any Other Business**

#### 15.1 Board Papers

- 15.1.1 It was agreed that where appropriate, Board papers would be released on the Board Portal as received to provide additional time for Director review.

#### 15.2 HS2 Ltd Chair Appointment Update

##### 15.2.1 [REDACTED]

15.3 Board Effectiveness Review

15.3.1 The Board were advised that communication regarding the 2021/22 effectiveness review would be circulated after the meeting.

15.4 2022 Meeting Dates

15.4.1 It was stated that Director availabilities for 2022 would be sought after the meeting to confirm future meeting dates.

15.5 There being no further business to discuss, the meeting was closed.