

Meeting minutes

HS2 Ltd Board

Meeting date Wednesday, 30 June 2021
Meeting location Hybrid Meeting: Two Snowhill and MS Teams
Meeting time 09:00 - 16:00

Members	Attendees	Apologies
Allan Cook (Chairman) Non-Executive Director	[REDACTED] Sponsorship Director	Jon Thompson Non-Executive Director
Michael Bradley Chief Financial Officer	Dave Bennett (item 5) * Delivery Director	
Mel Ewell* Non-Executive Director	[REDACTED] Phase 2a Client Director	
Judith Hackitt* Non-Executive Director	[REDACTED] Senior Business Manager, CFO	
Tom Harris* Non-Executive Director	[REDACTED] Phase One Controls Director	
Elaine Holt* Non-Executive Director	Nicole Geoghegan General Counsel	
Stephen Hughes* Non-Executive Director	[REDACTED] Sponsorship Director	
Ian King* Non-Executive Director	[REDACTED] Trusted Advisors Partnership Ltd	
Roger Mountford* Non-Executive Director	[REDACTED] DfT Senior Responsible Officer	
Ed Smith* Non-Executive Director	Non Owen Company Secretary	
Mark Thurston Chief Executive Officer	Tim Smart (item 6) * Phase 2 Managing Director	
	Aileen Thompson (item 4) * Strategic Director of Stakeholder Engagement	
	[REDACTED] Commercial Development Director	
	[REDACTED] Interim Head of Delivery Sponsorship	
	[REDACTED] Euston Area Director	
	[REDACTED] Secretariat Seconded	

**attendance via Videoconference*

1 Quorum, Declarations of Interest and Values Moment

- 1.1 The Chair noted that apologies had been received from Jon Thompson and that a quorum was present.
- 1.2 It was noted that, following the receipt of approval that day, Tom Harris had been re-appointed as a Non-Executive Director for a further three-year term.
- 1.3 Each member of the Board confirmed that there were no additional conflicts of interest to be declared.
- 1.4 The Board received a values moment from Stephen Hughes regarding trust, providing the example of how the HR department at Birmingham City Council had been trusted to use a different method to encourage people to volunteer themselves as change agents.

2 Minutes of the Previous Meeting and Matters Arising (HS2B_21-034 and HS2B_21-035)

- 2.1 The minutes of the meeting held on 02 June 2021 were approved as an accurate record of that meeting.
- 2.2 The Board noted the status of the actions.

3 Chair Report including SRO Update (HS2B_21-036)

- 3.1 The Board reviewed and noted the Chairman's Board Update for June 2021, as included in the meeting papers.
- 3.2 The key points highlighted in particular were:
 - 3.2.1 Department for Transport (DfT) and Government communications.
 - 3.2.2 The Non-Executive Director meeting held on 14 June 2021.
 - 3.2.3 [REDACTED] was to be sent from the DfT Minister of State to HM Treasury (HMT) in the coming days.
 - 3.2.4 That approval to appoint an additional Non-Executive Director had been received that day.
- 3.3 It was noted that a discussion on talent and succession planning was to be held at the Remuneration Committee on 15 July 2021 and that the full Board had been invited to attend to receive the update.
- 3.4 The Department for Transport (DfT) Senior Responsible Officer (SRO) provided a verbal update, including:
 - 3.4.1 The positive feedback received from having achieved milestones during the month, and the success of the Secretary of State on-site visit.

- 3.4.2 The constructive engagement on the Programme at the Public Accounts Committee.
 - 3.4.3 The increased focus on cost controls across Government, ahead of the Autumn Spending Review.
 - 3.4.4 That a multi-agency working group was to be formed to consider options with respect to protestor management.
 - 3.4.5 That the challenges regarding [REDACTED]
 - 3.4.6 That the Phase 2b Western Leg was progressing through DfT reviews, with the Major Projects Review Group (MPRG) session in late-September 2021 an important milestone.
- 3.5 The Board discussed the process for Phase 2b Western Leg and the challenging timetable to complete the preparation of the Bill [REDACTED].
- 3.6 The Senior Responsible Officer left the meeting.

4 CEO Report (HS2B_21-037)

- 4.1 The Strategic Director of Stakeholder Engagement joined the meeting.
- 4.2 The Board reviewed and noted the CEO Board Summary for May 2021, as included in the meeting pack.
- 4.3 The key points highlighted in particular were:
 - 4.3.1 An all-staff call had been conducted on 15 June 2021, which in part sought to address further information on working from the office following feedback from the recent staff survey.
 - 4.3.2 [REDACTED] was to be provided to the Secretary of State by the end of July 2021.
 - 4.3.3 The attendance and key lines of questions at the Public Accounts Committee evidence session held on 24 June 2021, at which the cost for protestor management had been reported.
 - 4.3.4 The future of workplace considerations and the support for hybrid working principles where possible.
- 4.4 The areas of focus and key concern were drawn attention, being:
 - 4.4.1 The formal approval of the revised Executive Accountabilities.
 - 4.4.2 The all-staff event scheduled for 13 July 2021, at which a personal address from the Secretary of State (SoS) would be received.
 - 4.4.3 The Tier 1 CEO Forum to be held on 20 July 2021, which would focus on safety given the increased trend of accidents and incidents.

- 4.4.4 The relationship with the DfT and the desire to [REDACTED]
- 4.4.5 Continued engagement with Government regarding protestor action.
- 4.4.6 [REDACTED]
- 4.4.7 Active litigation matters.
- 4.4.8 The succession and transition to a new Board Chair.
- 4.4.9 Phase 2b Delivery Strategy and the need to give this full and robust consideration rather than expedite for inclusion in the Outline Business Case.

4.5 Risk Management and Outturn Cost Reporting

- 4.6 The Board reviewed the Risk Management and Outturn Cost Reporting paper, as included in the meeting pack, and noted that approval was sought to recommend to the Ministerial Taskforce that updated reported outturn forecast metrics for Phase One be adopted whilst significant delivery uncertainty remained (Updated Phase One Outturn Forecast Metrics).
- 4.7 It was noted that HS2 Ltd was required to report an Anticipated Final Cost for Phase One under the Development Agreement; however, it was believed that, given the stage of the project and material uncertainties, a single spot estimate was not appropriate at this time. The current cost position and the approach to management of cost risk, as set out in the paper, was noted by the Board.

4.8 [REDACTED]

4.9 [REDACTED]

- 4.10 After discussion, it was AGREED that the Update Phase One Outturn Forecast Metrics be recommended to the Ministerial Taskforce for approval and adoption.

4.11 Communications and Stakeholder Engagement

- 4.12 The Board reviewed and noted the Strategic Stakeholder Directorate Update for the June 2021 Board, as included in the meeting papers.
- 4.13 The media update, stakeholder engagement activities, campaigns update, summer events programme and corporate reporting updates were discussed by the Board and it was agreed that the regular drumbeat of positive news was welcome.
- 4.14 The locations chosen for the summer events programme were highlighted and, in response to a question regarding whether there were events planned for more rural or smaller communities, it

was explained that a second phase of events was to be planned that would include direct engagement with rural and smaller communities along the route.

- 4.15 Discussions have commenced with DfT with respect to making the approval process for making media statements more efficient and effective.
- 4.16 The Strategic Director of Stakeholder Engagement left the meeting.

5 Phase One Delivery Update (HS2B_21-040)

- 5.1 The Delivery Director and the Phase One Controls Director joined the meeting.
- 5.2 The Board reviewed and noted the HS2 Monthly Report for May 2021, as included in the meeting papers.
- 5.3 It was noted that a presentation on the Phase One Schedule Mitigation and Control had been received at the Board briefing session held the previous day and that [REDACTED]
[REDACTED] The Board commended the quality of the discussion however requested that consideration be given to how to relay the narrative to wider stakeholders.
- 5.4 The Phase One Headlines, as outlined in the paper, were presented to the Board.
- 5.5 The downward trend with respect to Health & Safety performance was highlighted and the Board were advised of the discussions held at the Health, Safety, Security and Environment (HSSE) Committee including the management actions enacted to reverse the trend. It was commented that the performance could in part be a result of the acceleration of the programme and, in response to questions regarding the Health & Safety performance, the Board was informed that the culture survey demonstrated that safety was embedded across the supply chain and that the Safety, Health, Wellbeing, and Executive Leadership Team (SHWeLT) was working to ensure that best practices in this area were shared across contractors.
- 5.6 **It was agreed that an update would be provided to the Board on the role and remit of the SHWeLT.**

Action: Emma Head

- 5.7 It was stated that the MWCC Design volumetrics reporting would be updated [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]. The Board were advised that significant progress had been made to empower heads of engineering and environment in Integrated Project Teams (IPTs) to make Design decisions and move this activity out of HS2 Ltd, as per the original model. The critical nature of ensuring that Design activities were completed to schedule was highlighted and it was requested that assurance activities be agreed and undertaken to confirm that Design remained in line with Target Schedule.

- 5.8 Attention was drawn to the Cost Headlines and the Board requested that consistency of language be used in the Management Information.
- 5.9 In response to a question regarding the Sheephouse Wood bat mitigation, it was confirmed that designs were being advanced, and the item was scheduled to be presented for approval at a forthcoming meeting.
- 5.10 The Euston Performance Summary was highlighted, and it was noted that a discussion with respect to Over Site Development (OSD) options was to be held during the meeting.
- 5.11 The Delivery Director and the Phase One Controls Director left the meeting.

6 Phase 2a Delivery Update (HS2B_21-041)

- 6.1 The Phase 2 Managing Director and Phase 2a Client Director joined the meeting.
- 6.2 The Board reviewed and noted the Phase 2a Performance report, as included in the meeting papers.
- 6.3 Updates with respect to the Performance KPIs were presented to the Board, including:
 - 6.3.1 Protestor activities and actions being taken to mitigate this.
 - 6.3.2 The Design and Development Partner (DDP) Pre-Qualification Questionnaire (PQQ) and expression of interest had been approved and released.
 - 6.3.3 The budget would be refreshed in parallel to the DDP Invitation to Tender (ITT) process.
 - 6.3.4 The cost position arising from the land access programme.
 - 6.3.5 A session had been arranged with a contractor in order to review and improve their approach to planning and engagement.
- 6.4 The Board reviewed the Phase 2a key concerns and the mitigating activities, as detailed in the paper. In response to a question regarding the approach taken with respect to increased protestor action, it was explained that [REDACTED] were collating the learnings from Phase One and these would be applied in protestor management plans.
- 6.5 Attention was drawn to the Phase 2a Key Deliverables 2-Year Look Ahead.
- 6.6 The Board reviewed the critical paths and route to first earthworks season and noted the challenges in commencing earthworks in 2024 and the mitigating activities, such as HS2 Ltd commencing the scheme design ahead of the award of the DDP contract. In response to a question regarding design handover risk, it was stated that it was expected that the DDP would need to make only small amendments and that contract documentation would make clear the receipt of a worked design and that only amendments to this, rather than a recommencement of the design process, would be allowed in order to maintain schedule.

- 6.7 The milestones and forecast completion dates with respect to the award of the DDP contract were highlighted and it was explained that these would be reviewed to identify how the contract award could be completed [REDACTED]
- 6.8 The Phase 2 Managing Director and Phase 2a Client Director left the meeting.

7 Euston Update (HS2B_21-042)

- 7.1 The Commercial Development Director and Euston Area Director joined the meeting.
- 7.2 The Board reviewed the Euston Station paper and Euston: Sprint Studies presentation contained as an appendix, as included in the meeting pack, [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

- 7.3 [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

7.4 The Board received an overview of the Euston Station design history and the activities undertaken to meet the objectives to deliver an affordable scheme that met Sponsor and stakeholder requirements and the design and implementation of appropriate delivery arrangements.

7.5 It was explained that the sprints considered the options for the NR station of; renewals only, sequential development with HS2 station, and concurrent development, and the OSD of; affordable (within the current funding envelope) and enhanced, which were critically evaluated against six agreed success criteria.

7.6 The Board considered the summary of the four scenarios and proceeded to discuss the design, enabling cost and value of each. The summary of impacts on the HS2 station depending on the decision taken was noted.

- 7.7 [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED] The material nature of the potential impact was highlighted and it was agreed that consideration would be made at a point in the future with respect to the sending of [REDACTED]

[REDACTED]

7.8 [REDACTED]

7.9 The Commercial Development Director and Euston Area Director left the meeting.

8 Revisions to the Development Agreement (HS2B_21-043)

8.1 The Sponsorship Directors and the Interim Head of Delivery Sponsorship joined the meeting.

8.2 The Board reviewed the Update of the HS2 Development Agreement paper, as included in the meeting pack, and noted that approval in principle was sought for the proposed changes to the Development Agreement (DA Update) and that authority be delegated to the Chief Executive Officer to agree the outstanding areas of change and recommend the finalised DA Update to DfT and HMT for approval on behalf of the Board (DA Update Delegation).

8.3 It was reported that the changes in the DA Update were materially procedural updates, with more substantial changes expected to be agreed [REDACTED].

8.4 The Board received an overview of the key changes in the DA Update and it was noted that all appropriate priorities set out in the Priorities Letter had been addressed. The changes that were subject to agreement were noted.

8.5 [REDACTED]

8.6 [REDACTED]

8.7 After further discussion, it was AGREED that the DA Update and DA Update Delegation be approved.

8.8 The Sponsorship Directors and the Interim Head of Delivery Sponsorship left the meeting.

9 Report from the Audit and Risk Assurance Committee including Committee Chair Annual Opinion (HS2B_21-044 and HS2B_21-045)

- 9.1 The Board reviewed and noted the Report from the Audit & Risk Assurance Committee (ARAC) meeting held on 9 June 2021 and the 2020/21 Annual Report of the Audit & Risk Assurance Committee to the HS2 Ltd Board and Accounting Officer, as included in the meeting papers.
- 9.2 The discussions held at the June 2021 ARAC meeting were reviewed, in particular:
- 9.2.1 The request for focus to be placed on closing overdue assurance actions.
 - 9.2.2 That decision prolongation was deemed to be a material risk and had been placed on the strategic risk register.
 - 9.2.3 The focus on financial statement audit planning for 2021/22 given the challenges and pressures placed upon Finance to complete the 2020/21 audit.
 - 9.2.4 The importance of the Fraud Risk Strategy being presented to ARAC in [REDACTED].
 - 9.2.5 Representatives from the National Cyber Crime Security Centre would be invited to present to the Board at a future meeting.
- 9.3 The ARAC Chair presented the 2020/21 ARAC Report to the Board, noting in particular:
- 9.3.1 Assurance providers had noted consistent satisfactory performance with respect to the financial control environment.
 - 9.3.2 The challenge for future years would be continuing to strengthen the overall control environment, particularly in construction delivery.
 - 9.3.3 Comfort can be taken from internal and external auditors with respect to the systems of internal controls.
 - 9.3.4 Progress has been made in re-evaluating and reviewing strategic risk, although this has to date not reached a position for ARAC to provide assurance.
 - 9.3.5 ARAC has challenged the organisation to put in place a Fraud Strategy with a model that would be both proactive and preventative in mitigating fraud risk.
 - 9.3.6 The LOD3 assurance work presentations had highlighted the quality of work at LOD1 and LOD2.
 - 9.3.7 A reiteration of the material decision prolongation risk that had been identified during the year.
- 9.4 It was noted that the 2020/21 ARAC Report to the Board would be submitted to the Chair of the DfT Group Audit and Risk Assurance Committee.

10 HS2 Ltd 2020/21 Annual Report and Accounts (HS2B_21-046)

10.1 The Senior Business Manager, CFO joined the meeting.

10.2 The Board reviewed and noted the HS2 Ltd Annual Report and Accounts for the Year Ended 31 March 2021 (FYE21 Accounts), as included in the meeting papers.

10.3 ARAC FYE21 Accounts Recommendations

10.4 It was reported that ARAC had reviewed the FYE21 Accounts and received the 2020/21 National Audit Office Audit (NAO) Completion Report, including the Auditor's Letter of Representation (Letter of Representation), and had recommended them to the Board for approval and execution.

10.5 It was noted that two additional areas of audit focus had been identified, being the [REDACTED] and that the NAO were certifying the FYE21 Accounts with an unqualified opinion.

10.6 FYE21 Accounts

10.7 The Board proceeded to conduct a detailed review of the FYE21 Accounts and noted the engagement with key stakeholders undertaken to draft the document. It was agreed that the Business Plan, FYE21 Accounts and Sustainability Report together provided quality, transparent reporting of HS2 Ltd and its activities.

10.8 After careful consideration it was AGREED that:

10.8.1 Subject to finalisation, the FYE21 Accounts be approved.

10.8.2 Authority be delegated to the Chief Executive Officer to agree any minor changes arising from Ministerial Review.

10.8.3 The Chief Executive Officer (as Accounting Officer) be authorised to sign the Strategic Report, the Director's Report, the Corporate Governance Report, the Remuneration and Staff Report and the Financial Statements on behalf of the Board.

10.8.4 Subject to finalisation, the Letter of Representation be approved and the Chief Executive Officer (as Accounting Officer) be authorised to sign the Letter of Representation on behalf of the Board.

10.8.5 The Chief Executive Officer or the Company Secretary be instructed to:

10.8.5.1. Submit the FYE21 Accounts to DfT for Ministerial approval;

10.8.5.2. Arrange for the publication of the FYE21 Accounts; and

10.8.5.3. Deliver the FYE21 Accounts to the Registrar of Companies.

10.9 The Senior Business Manager, CFO left the meeting.

11 Report from the Health, Safety, Security and Environment Committee including the Health & Safety and CDM Governance Review (HS2B_21-047)

- 11.1 The Board reviewed the Report from the Enterprise Health, Safety, Security and Environment Committee meeting held on 23 June 2021, as included in the meeting pack, and noted the items that were discussed during that meeting.
- 11.2 Attention was drawn in particular to the updates with respect to:
- 11.2.1 Safe at Heart and the statement which is to be tabled to the July 2021 meeting detailing the role of the Board for this initiative.
 - 11.2.2 The incident that had occurred to a tenant of a HS2 let property.
 - 11.2.3 Phase One safety performance and the focus being placed in the supply chain to improve this.
 - 11.2.4 [REDACTED]
 - 11.2.5 The go-live of the Health & Safety Passport Scheme at three of the four joint ventures.
 - 11.2.6 The deep dive on safety culture survey results and building the SHWeLT strategic plan.
 - 11.2.7 The update on Wellbeing Strategy performance.

12 Forward Look (HS2B_21-048)

- 12.1 The Committee reviewed the Forward Look paper, as included in the meeting pack, and noted the items scheduled for discussion at future meetings.
- 12.2 It was noted that the Phase 2b Update scheduled for July 2021 would include approval for BL2.1W.
- 12.3 **It was agreed that the potential topics for Board briefings would be reviewed and revised as appropriate.**

Action: Mark Thurston / Non Owen

13 Any Other Business

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