

# Meeting minutes

## HS2 Ltd Board

**Meeting date** Wednesday, 25 May 2022

**Meeting location** Two Snowhill

**Meeting time** 09:00-16:05

| Members   | Attendees  | Apologies                             |
|---|--|---------------------------------------|
| Jon Thompson (acting Chair)<br>Non-Executive Director | [REDACTED]<br>Phase 2a Delivery Director                                       | Ruth Todd<br>Chief Commercial Officer |
| Michael Bradley<br>Chief Financial Officer            | [REDACTED]<br>On Network Works Director  |                                       |
| Mel Ewell<br>Non-Executive Director                   | Emma Head (item 09)<br>Delivery Director - Technical Services                  |                                       |
| Judith Hackitt<br>Non-Executive Director              | [REDACTED]<br>Stations Client Director   |                                       |
| Tom Harris<br>Non-Executive Director                  | [REDACTED]<br>DfT Senior Responsible Officer (SRO)                             |                                       |
| Stephen Hughes<br>Non-Executive Director              | [REDACTED]<br>Programme Management Office Director                             |                                       |
| Elaine Holt<br>Non-Executive Director                 | [REDACTED]<br>Head of Commercial – Curzon Street & Birmingham Interchange      |                                       |
| Ian King<br>Non-Executive Director                    | Non Owen<br>Company Secretary  |                                       |
| Roger Mountford<br>Non-Executive Director             | [REDACTED]<br>Stations and Phase 2 Procurement Director                        |                                       |
| Jon Thompson<br>Non-Executive Director                | Chris Rayner (items 08, 10 and 14)<br>Delivery Director - Systems and Stations |                                       |
| Mark Thurston<br>Chief Executive Officer              | [REDACTED]<br>Phase Two Project Controls Director                              |                                       |
|   | Tim Smart (items 11 and 12)<br>Phase Two Managing Director                     |                                       |
|   | [REDACTED]<br>Systems Delivery Director  |                                       |
|   | [REDACTED]<br>Phase One Engineering Director                                   |                                       |
|   | [REDACTED]<br>Managing Director – Euston Partnership                           |                                       |
|   | [REDACTED]<br>Euston Area Director   |                                       |

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

- 1.1 No new/additional conflicts of interest were declared.
- 1.2 The Board received a values moment from the CEO reflecting on a recent safety value award winner and the established momentum that the values have in the organisation.

## **2 Minutes of the Previous Meeting and Matters Arising (HS2B\_22-012 and HS2B\_22-013)**

- 2.1 The minutes of the meeting held on 27 April 2022 were approved as an accurate record.
- 2.2 The Board noted the status of the actions.

## **3 Deputy Chair/ Board Updates (HS2B\_22-014)**

- 3.1 The Board received and noted the report from the Deputy Chair as provided in the meeting pack, providing an update on activities during the period, including:
  - 3.1.1 Meeting with NEDs and DfT colleagues to review CEO performance for FY 2021/2022I to inform the basis for the Remuneration Committee year end recommendations.
  - 3.1.2 Time with the DfT to understand progress on the Phase 2b West hybrid Bill.
  - 3.1.3 Work with the DfT on Board succession planning.
  - 3.1.4 Meeting with the "HS2 Leadership Group".
  - 3.1.5 Regular meetings with HS2 Executive Members.
  - 3.1.6 Review of the CCO Management Plan which has been positively received.
  - 3.1.7 Annual Report and Accounts and Corporate Plan engagement.
  - 3.1.8 HM Treasury meetings.
- 3.2 The Board noted the updates and the planned use of the Non-Executive Director meeting in June 2022.
- 3.3 The Board received a verbal update from the DfT NED representative on activities during the period, including an update on the status of the Chair recruitment.
- 3.4 The Board noted the updates.

## **4 Governance Updates (HS2B\_22-015)**

- 4.1 The Board received and noted a paper providing:
  - 4.1.1 A status update on the Board Effectiveness Review, prior to inclusion in the Annual Report and Accounts and in line with best practice.

- 4.1.2 Revised Terms of Reference for three Sub-Committees for approval and request for delegation of any further non-material changes to Terms of Reference to the Company Secretary and respective Committee Chair.
- 4.2 The Board provided agreement to the status updates against the Board effectiveness review recommendations.
- 4.3 **A discussion was held on a previous request/ suggestion for a Phase 2 Sub-Committee of the Board. It was noted that work and engagement is well established on the options for a Phase 2b Delivery Strategy, updates for which are currently tabled with the Board. It was agreed that a brief on the Phase 2b hybrid Bill process will be tabled at the June Board meeting.**
- Action: Company Secretariat for scheduling**
- 4.4 The Board noted that the priorities for 2022/2023 are due to be issued imminently to the Deputy Chair.
- 4.5 It was agreed that the recommendation in the Board effectiveness review to hold a Board Strategy Day would be planned for following issue of the priorities. Consideration will be given to the logistics of the day, including attendance from the Executive Committee.
- 4.6 It was agreed that succession planning for the Chair of the Commercial and Investment Committee (and the other Memberships/ contribution of the individual) will begin imminently.
- 4.7 The HS2 Ltd Board provided approval to revised Terms of Reference for the Environmental Sustainability Committee, Health Safety and Security Committee and Remuneration Committee.
- 4.8 The HS2 Ltd Board approved delegation of any further non-material changes to Terms of Reference to the Company Secretary and respective Committee Chair.

## **5 DfT SRO Update (HS2B\_22-016)**

- 5.1 The Department for Transport (DfT) Senior Responsible Officer (SRO) joined the meeting.
- 5.2 The Board received a verbal update on DfT activity / focus during the period, including:
- 5.2.1 The Phase 2a Project Assessment Review (PAR) outcome.
  - 5.2.2 The Phase 2b hybrid Bill deposit and Additional Provision process.
  - 5.2.3 Positive feedback received following the Public Accounts Committee (PAC) with Board Members and the DfT noting the value to have Committee Members attend on site.
  - 5.2.4 Positive feedback received from the Board briefing on the West Coast Partnership.

- 5.3 The Board noted the updates.
- 5.4 The Department for Transport (DfT) Senior Responsible Officer (SRO) left the meeting.

## **6 CEO Summary – May 2022 (HS2B\_22-017)**

- 6.1 The Board reviewed and noted the CEO Board summary, for May 2022, as included within the meeting papers.
- 6.2 The following key points were raised and noted:
  - 6.2.1 An update on the Chair recruitment progress and summary of the CEO engagement to date with the process.
  - 6.2.2 Ways of working continues to evolve between HS2 Ltd and the DfT with the CEO and DfT SRO to attend respective SLT meetings.
  - 6.2.3 The Board received an overview of the updated Benefits Baseline noting the onward submission of the changes to the DfT.
  - 6.2.4 A discussion was held following the Environmental Sustainability Committee and the volume of monitoring and reporting on over and above clean-up efforts being made on site which will be reviewed by the Committee on an ongoing basis.
  - 6.2.5 The Board discussed the volume of activity happening on innovation and it was agreed that this would be a future briefing topic for the Board.
  - 6.2.6 The Board received and noted the Executive Priorities as presented in the meeting pack noting the timing and origin of the priorities to reflect the growth of the Programme, the focus from Management on indirect costs, and in response to all staff surveys.
  - 6.2.7 The Board noted the high-level agenda for the upcoming All Staff Event.
  - 6.2.8 The Board discussed reflections from the recent All Staff Call and how to respond to the organisation on queries raised there.
  - 6.2.9 The Board discussed the outcome of the Remuneration Committee regarding the allocated pay budget percentage for the financial year 2022/2023 and why this option was the suggested approach.
  - 6.2.10 An update on the continuation of the future of work approach, remaining aligned with the 'Three P's' principle.
- 6.3 The Board noted the updates.

## **7 Phase One Overview (HS2B\_22-018)**

- 7.1 The Programme Management Office Director joined the meeting.

- 7.2 The Board received and noted the Management Information (MI) provided in the meeting pack providing an overview of Performance for Phase One for April 2022.
- 7.3 The following key points were raised and noted:
- 7.3.1 Discussion on the revised measurement of Health and Safety Performance Indicator (HSP) and the reasoning for this including benchmarking analysis. The HSS Committee Chair confirmed satisfaction with the revised approach and that the HSS Committee will review the efficacy of this in six-months' time.
  - 7.3.2 The Board asked for confirmation that the Programme continues to be held to schedule without implication to the Critical Path/ Delivery into Service which was confirmed by Management.
  - 7.3.3 The Board share Management concern on the emerging pressures reporting in the MI, noting the mitigations being reviewed in parallel.
  - 7.3.4 The Board noted the update on the Spending Review 20 figures.
  - 7.3.5 The Board continue to challenge Management on the narrative required to interpret performance across Schedule Performance Indicators (SPI), Cost Performance Indicators (CPI) and Earned Value Management (EVM) metrics.
- 7.4 The Board noted the updates.
- 7.5 The Programme Management Office Director left the meeting.

## **8 Quarterly Systems and Stations Update (HS2B\_22-019)**

- 8.1 The On Network Works Director, Stations Client Director, Delivery Director - Systems and Stations, Systems Delivery Director, Managing Director – Euston Partnerships and Euston Area Director joined the meeting.
- 8.2 The Board reviewed and noted the MI included in the meeting pack providing an overview of Performance of the Systems and Stations portfolio for the quarter.
- 8.3 The following key points were raised and noted:
- 8.3.1 The Board discussed and noted the areas of progress and success and concerns and watch items in the period.
  - 8.3.2 The Board noted [REDACTED].
  - 8.3.3 The Board noted [REDACTED].
  - 8.3.4 The Board noted and discussed a Delivery Procurement Strategy update at one of the sites [REDACTED].

- [REDACTED]
- 8.3.5 The Board noted the update provided on the [REDACTED] process with Management explaining that a review of collaboration is required.
- 8.3.6 The Board noted the timeline for an anticipated outcome and requested to be kept informed at the appropriate time.
- 8.3.7 The Board noted the update on indirect cost in the period noting quantities and inflation factor implications.
- 8.3.8 The Board noted the Euston updates including [REDACTED].
- 8.3.9 The Board noted the update on the deterministic Delivery into Service for Euston and mitigation options being considered.
- 8.3.10 The Board noted the update on material by rail and work being led externally.
- 8.3.11 **The Board noted the update on the Euston Stage B1 project and requested an update on the position in July 2022 following Management review.**

**Action: Chris Rayner**

- 8.3.12 The Board noted the updated [REDACTED].
- 8.3.13 The Board noted the update on Rolling Stock and [REDACTED].
- 8.3.14 The Board discussed the update on [REDACTED].

8.4 The Board noted the updates.

8.5 The On Network Works Director, Stations Client Director, Delivery Director - Systems and Stations, Systems Delivery Director and Euston Area Director left the meeting.

## **9 Progress Update on Implementing the Approach to Integration (HS2B\_22-020)**

9.1 The Delivery Director - Technical Services and Phase One Engineering Director joined the meeting.

9.2 The Board received and noted a paper providing an update on the progress in embedding programme and technical integration arrangements within HS2 Ltd.

9.3 The update provided focus on the asks of the Board made in February 2022, namely:

9.3.1 Management Information to monitor progress with implementation.

- 9.3.2 Capability Model for Integration.
- 9.3.3 Assurance Plans to demonstrate Effectiveness of Integration Arrangements and Client Readiness to undertake the role as Prime Systems Integrator (PSI) across the full suite of HS2 contracts and in particular in readiness for the Railway Systems Alliance at the end of 2022.
- 9.4 The following key points were raised and noted:
  - 9.4.1 The Board noted the update as one of a series, to cover the activity of Programme Integration Unit (PIU) and Local Integration Units (LIUs) and the Board welcomed this topic as a regular update for review.
  - 9.4.2 The Board noted the summary of the work in progress since the February 2022 update.
  - 9.4.3 The Board discussed the requirement for new systems versus those on the conventional railway and the tension for the expectation to use 'tried and tested' components.
  - 9.4.4 The Board noted the Commercial and Project Management workstreams being pulled together which is being planned and tracked.
  - 9.4.5 Management provided an update on capability including the explanation of the approach with the Prime System Integrator (PSI) framework and use of a Railway System Professional Services Support Contractor.
  - 9.4.6 Management confirmed that a similar approach is being taken for the criteria used with Enterprise Capability Initial Operating Capability (IoC) and Full Operating Capability (FoC), using Deloitte and an Independent Panel to assure.
  - 9.4.7 It was agreed that the Board will be further briefed on the outcome including the use of some case study examples into the work.
- 9.5 The Board noted the updates.
- 9.6 The Delivery Director - Technical Services and Phase One Engineering Director left the meeting.

## **10 Euston Station Delivery Arrangements (HS2B\_22-021)**

- 10.1 The Delivery Director - Systems and Stations, Euston Area Director and Managing Director – Euston Partnerships joined the meeting.
- 10.2 The Board received and noted a paper providing an update on the plans for delivery of the Network Rail station at Euston.
- 10.3 The Board noted the summary of work undertaken to date for Network Rail (NR) [REDACTED]  
[REDACTED]  
[REDACTED]

10.4 The Board noted the update on the process and progress towards determining who will deliver the Network Rail Station and key decision points.

10.5 The Board were asked to note:

10.5.1 Work undertaken by HS2 and Partners to accelerate the Network Rail Delivery Programme.

10.5.2 [REDACTED]

10.5.3 [REDACTED]

10.6 The following key points were raised and noted:

10.6.1 [REDACTED]

10.6.2 Management provided confirmation that of the options for delivery being reviewed, [REDACTED]

10.6.3 The Board discussed [REDACTED]

10.7 The Board noted the update.

10.8 The Delivery Director – Systems and Stations, Euston Area Director and Managing Director – Euston Partnerships left the meeting.

## 11 Phase 2a Update (HS2B\_22-022)

11.1 The Phase 2a Delivery Director, Phase Two Project Controls Director and Phase Two Managing Director joined the meeting.

11.2 The Board reviewed and noted the MI included in the meeting pack providing an overview of Performance of Phase 2a for April 2022.

11.3 The following key points were raised and noted:

11.3.1 The Board share Management concern on the schedule mitigation options and how this will [REDACTED]

11.3.2 The Board discussed performance of the Supply Chain.

11.3.3 The Board received an update on ongoing protestor activity.

11.3.4 The Board positively received the updated land access content.

11.3.5 The Board noted the DDP mobilisation plan.



11.4 The Board noted the update.

11.5 The Phase 2a Delivery Director and Phase Two Project Controls Director left the meeting.

## **12 Phase 2b Delivery Strategy (HS2B\_22-023)**

12.1 The Board received and noted a paper providing update on the progress of the Phase 2b Delivery Strategy development, including governance arrangements and the high-level plan on a page, design progress and to outline next steps including future Board involvement.

12.2 The Board noted:

12.2.1 The delegation of decision making from the Executive Committee to the newly established Executive Steering Committee for the development of the Phase 2b Delivery Strategy.

12.2.2 The establishment and membership of the SLT-led Delivery Strategy Working Group.

12.2.3 The work to date on the development of the design strategy and client model.

12.2.4 The updated plan on a page.

12.3 The Board were asked to provide a view on their support and engagement to progress the strategy and it was agreed that this could be discharged through Commercial and Investment Committee Members.

12.4 The Phase Two Managing Director left the meeting.

## **13 Report from Commercial and Investment Committee 12 May 2022 (HS2B\_22-024)**

13.1 The Board reviewed and noted the report from the Committee held on 12 May 2022, as included in the meeting pack and received a verbal update from the Committee Chair.

13.2 Noting that the Committee had considered item 14 on the Board agenda for approval, the following key points were raised by the Committee Chair:

13.2.1 [REDACTED]

13.2.2 [REDACTED]

13.2.3 [REDACTED]

13.2.4 A summary of the discussion held at the Committee on inflation and hyper-inflation.

13.2.5 [REDACTED]

13.3 The Board noted the recommendation of the Committee that item 14 on the agenda was presented for consideration by the HS2 Ltd Board.

## **14 Contract Award Recommendation and Investment Authority for Stage One for the Interchange Station Construction Contract (HS2B\_22-025)**

14.1 The Stations Client Director, Head of Commercial – Curzon Street & Birmingham Interchange, Stations and Phase 2 Procurement Director and Delivery Director - Systems and Stations joined the meeting.

14.2 The Board received and noted a paper seeking approval of the Contract Award Recommendation and Investment Authority for Stage One of the Construction Contract for Interchange Station (ICH).

14.3 By prior agreement, the paper included in the meeting pack did not include detail of the results or the outcome of the tender evaluation process, however received on the day an anonymised presentation setting out that level of detail.

14.4 The following key points were raised and noted:

14.4.1

[REDACTED]

14.4.2 The level of detail and queries raised at both the CIP and CIC prior to Board submission.

14.5 The Board approved the award of contract to the leading bidder and placement of the second and third placed bidders onto the Framework.

14.6 The Board thanked and congratulated Management and CIC Members to get to contract award.

14.7 The Stations Client Director, Head of Commercial – Curzon Street & Birmingham Interchange, Stations and Phase 2 Procurement Director and Delivery Director - Systems and Stations left the meeting.

## **15 Report from Environmental Sustainability Committee 18 May 2022 (HS2B\_22-026)**

15.1 The Board reviewed and noted the report from the Committee held on 18 May 2022, as included in the meeting pack and received a verbal update from the Committee Chair.

15.2 The following key points were raised and noted:

15.2.1 The focus of the Committee, which will be on the value of the MI and narrative to develop messaging over coming weeks and months.

- 15.2.2 The Non-Governmental Organisation (NGO) interaction and the immediate need for a plan to manage the hybrid Bill process.
- 15.2.3 Discussion on the scoring and methodology for biodiversity no net loss and the potential to brief the Board on this.

15.3 The Board noted the update.

## **16 Report from Remuneration Committee 19 May 2022 (HS2B\_22-027)**

16.1 The Board reviewed and noted the report from the Committee held on 19 May 2022, as included in the meeting pack and received a verbal update from the Committee Chair.

16.2 The following key points were raised and noted:

- 16.2.1 The volume of activity on financial year end performance and review of 2022/2023 objectives and performance related pay.
- 16.2.2 Continued review of an [REDACTED]  
[REDACTED]  
[REDACTED]
- 16.2.3 The review of the MI and how this is used and interpreted.
- 16.2.4 The Board further discussed and confirmed satisfaction with the rationale of the budget percentage for performance related pay and further noted that an exceptional budget has also been agreed by Committee.

16.3 The Board noted the update.

## **17 Forward Look (HS2B\_028)**

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

17.2 The Board were advised that due to a number of planned procurement/ investment/ change decisions in the pipeline there may be a delegation sought to the CIC on behalf of the Board in order to relieve the Board agenda for the June meeting on the number of papers/ decisions being sought.

17.3 The Company Secretary advised that liaison and agreement would be sought prior to the June meetings should this be required.

## **18 AOB and Close/Meeting float**

18.1 There were no other items of business raised for discussion and the meeting was closed.