

# Meeting minutes

## HS2 Ltd Board

**Meeting date** Wednesday, 29 June 2022

**Meeting location** Two Snowhill

**Meeting time** 09:00-16:15

Members	Attendees	Apologies
Jon Thompson (acting Chair) Non-Executive Director	[REDACTED] Phase 2a Delivery Director	Ian King Non-Executive Director
Michael Bradley Chief Financial Officer	[REDACTED] Head of Delivery Integration – Phase 2a (Interim)	
Mel Ewell Non-Executive Director	[REDACTED] Project Manager for Old Oak Common	
Judith Hackitt Non-Executive Director	[REDACTED] Risk Director	
Tom Harris Non-Executive Director	[REDACTED] Engineering Director - Civils	
Stephen Hughes Non-Executive Director	[REDACTED] Hybrid Bill Delivery Director	
Elaine Holt Non-Executive Director	[REDACTED] Commercial Delivery Director – Civils	
Roger Mountford Non-Executive Director	[REDACTED] DfT Senior Responsible Officer (SRO)	
Mark Thurston Chief Executive Officer	[REDACTED] Programme Management Office Director	
Ruth Todd Chief Commercial Officer	[REDACTED] Finance Director	
	Non Owen Company Secretary	
	[REDACTED] Project Client - EKFB (Interim)	
	Minister Stephenson (item 8) HS2 Ltd Minister	
	[REDACTED] Delivery Director – Civils	
	Tim Smart (items 14 and 15) Phase Two Managing Director	
	Aileen Thompson (item 7) Director, Communications and Stakeholder Management	

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

- 1.1 No new/additional conflicts of interest were declared. The Board noted that in line with regular updates to public information, the Register of Board interests had been reviewed and updated on the website and included as part of the Annual Report and Accounts.
- 1.2 The Board received a values moment from Elaine Holt following recent attendance and presentation of the Values Awards at the All-Staff Event.

## **2 Minutes of the Previous Meeting and Matters Arising (HS2B\_22-029 and HS2B\_22-030)**

- 2.1 The minutes of the meeting held on 25 May 2022 were approved as an accurate record.
- 2.2 The Board noted the status of the actions.

## **3 Deputy Chair/ Board Updates (HS2B\_22-031)**

- 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 Membership and tenure of Non-Executive Directors.
  - 3.1.2 Lengthy briefings with the Department for Transport (DfT) on Phase 2b and the Parliamentary/ Bill process.
  - 3.1.3 The DfT internal Sponsorship Board and the role of HS2 in delivering the Delivery Strategy, Carbon Reduction Plan and other aspects where advice is given to DfT in the decision-making processes.
  - 3.1.4 Meetings with Minister Stephenson.
  - 3.1.5 The Chair Annual Letter which would be shared with Board Members once finalised.
  - 3.1.6 Regular meetings with senior staff including the CEO and CCO.
- 3.2 The Board noted the updates.

## **4 DfT SRO Update (HS2B\_22-032)**

- 4.1 The Department for Transport (DfT) Senior Responsible Officer (SRO) joined the meeting.
- 4.2 The Board received a verbal update on DfT activity / focus during the period, including:
  - 4.2.1 Phase 2b West and progression of the hybrid Bill including the decision on the Golborne Link and Additional Provision (AP) work.
  - 4.2.2 Phase 2a progress with a recent management review.

- 4.2.3 The consenting process.
  - 4.2.4 Delivery of Civils and Stations.
  - 4.2.5 Inflation implications.
  - 4.2.6 Ways of working and attendance at HS2/ DfT SLT meetings.
  - 4.2.7 Review of a recent contract award to ascertain whether there might be revenue generation opportunities to achieve.
- 4.3 The Board noted the updates.
- 4.4 The Department for Transport (DfT) Senior Responsible Officer (SRO) left the meeting.

## 5 CEO Summary – June 2022 (HS2B\_22-033)

- 5.1 The Board reviewed and noted the CEO Board summary, for June 2022, as included within the meeting papers.
- 5.2 The following key points were raised and noted:
- 5.2.1 An update and feedback from the All-Staff Event including the statistics that 83% feel a connection to the business.
  - 5.2.2 Chair recruitment update and the timelines for last stage interviews.
  - 5.2.3 Recognition of the HR Directorate for the outcome of financial year end performance.
  - 5.2.4 Continued efforts and focus on safety performance and engagement with the supply chain.
  - 5.2.5 The Board discussed recent correspondence received from the DfT following the Integrated Rail Plan publication. It was agreed that this should be seen as an opportunity and that the initial response will seek clarification where instruction and intended remit is not clear.
  - 5.2.6 Board Members offered assistance to progress with this, noting that the response letter should lead to a more structured discussion.
  - 5.2.7 The Board discussed that there will organisational choices to be made dependant on the outcome and that the current senior quota cap has been clearly based on the remit of current deliverables for HS2 Ltd.
  - 5.2.8 **It was agreed that a copy of the response will be shared with the Board.**
- Action: Mark Thurston**
- 5.3 The Board noted further updates on:
- 5.3.1 Interim CFO interview timelines.
  - 5.3.2 The Phase 2b Delivery Strategy and engagement with Commercial and Investment Committee Members.

- 5.3.3 Outputs from the Executive Offsite.
- 5.3.4 Active litigation.
- 5.3.5 Key messages for the CEO Forum on 01 July 2022.

5.4 The Board noted the updates.

## **6 2022/23 Q1 Forecast Update (HS2B\_22-034)**

6.1 The Finance Director joined the meeting in support of this item.

6.2 The Board noted the update on the Quarter 1 forecast for the Spending Review (SR) period 2022/23 through to 2024/25.

6.3 The Board noted that this would be submitted to DfT as part of formally commissioned Q1 Forecast.

6.4 The following key points were raised and noted:

- 6.4.1 The submission covers both near term cash requirements, and across the spending period to March 2025.
- 6.4.2 An overview of the movement in the period.
- 6.4.3 Discussions on the inflationary implications are being held with HM Treasury as part of the settlement.
- 6.4.4 The Board discussed the SR profile year on year, noting that the underlying OBR forecast for inflation from SR20 was marginally negative in FY21/22 and close to nil for the subsequent years and therefore very little impact of inflation year on year in SR20. Noting the now updated inflationary position from last year this explains the increase in cost profile year on year.
- 6.4.5 That the direct costs of COVID-19 have been factored in, with a cut off date for supply chain submissions of 01 April 2022.
- 6.4.6 The Board noted the submission of the forecast to the DfT and that in the Development Agreement inflation risk is Secretary of State (SoS) retained.

6.5 The Finance Director left the meeting.

## **7 2022 - 2025 Corporate Plan: final submission (HS2B\_22-035)**

7.1 The Director of Communications and Stakeholder Management joined the meeting.

7.2 The Board received and noted the final draft of the HS2 Ltd 2022-2025 Corporate Plan, and the associated publication timescales provided in the meeting pack.

7.3 The following key points were raised and noted:

- 7.3.1 The Board noted the submission of the Corporate Plan and the Business Plan for sharing with the DfT.

7.3.2 The Board noted the planned publication date.

7.3.3 **It was agreed that a small number of hard copies of the publication be made available.**

**Action: Aileen Thompson**

7.3.4 The Board requested that for future iterations of the Corporate Plan, consideration be given to a golden thread message to signpost links to other documents such as Key Performance Indicators, risks, Annual Report and Accounts etc. Management will review this feedback for future publication planning.

7.4 The Board noted the updates and that the final document and the approach to publication is subject to approval by the HS2 Minister, which is in the process of being secured at the time of the meeting.

7.5 The Director of Communications and Stakeholder Management left the meeting.

## **8 Attendance and Update from HS2 Ltd Minister (HS2B\_22-036)**

8.1 The HS2 Ltd Minister and DfT SRO joined the meeting.

8.2 The Board welcomed Minister Stephenson to the Board meeting and thanked him for the time to attend and share his thoughts and areas of focus on the Programme.

8.3 Minister Stephenson expressed thanks to the Board and Management for the positive progress seen on the ground at sites and the positive outcome of the recent hybrid Bill vote.

8.4 The Minister discussed the priorities for 2022/2023 as will be communicated in the Annual Chair's Letter and the challenges foreseen across the Government portfolio for which continued effort is required.

8.5 The Minister has been encouraged by the Environmental Sustainability Committee work and the release of the inaugural Environmental Sustainability Progress Report and good progress of the draft report for 2021/2022.

8.6 The Minister expressed thanks to the Committee Chairs of the Remuneration Committee and Health, Safety and Security Committee for the work to progress matters in their remit.

8.7 The Minister referred to the ongoing Chair recruitment campaign, thanking the Deputy Chair and Board Members for their contribution in the interim period.

8.8 The Board held a question-and-answer session with Minister Stephenson on the below key points:

8.8.1 Timing and clarity to communicate on the passenger proposition and what the HS2 Ltd Board could do to progress this with the Minister.

- 8.8.2 How the Board can support to inform the decision-making process in a timely and efficient manner.
  - 8.8.3 The need for consistent engagement with Members of Parliament to demonstrate the delivery of the Programme at site level.
  - 8.8.4 Further opportunities for delivery outside of HS2 current scope.
- 8.9 The Board noted the updates.
- 8.10 The HS2 Ltd Minister and DfT SRO left the meeting.

## **9 Report from Audit and Risk Assurance Committee (ARAC) 13 June 2022, including the ARAC Chair Annual Opinion and NAO Letter of Representation (HS2B\_22-037, HS2B\_22-038 and HS2B\_22-039)**

- 9.1 The Board noted the report from the ARAC meeting of 13 June 2022 and the ARAC Chair Annual Opinion report summarising Committee activity over the year as included in the meeting pack.
- 9.2 The Board noted the Letter of Representation for 2022 to be signed by the CEO as Accounting Officer.
- 9.3 The following key points were raised and noted:
- 9.3.1 The Committee referenced the level of effort involved to reach the Internal Audit opinion following the sprint exercise but recognising that this was not an acceptable position to have gotten to.
  - 9.3.2 The Board discussed the 2022/2023 Internal Audit plan and the Committee confirmed that this feels stable and that plans are in place to avoid overdue actions reporting at the same level prior to the sprint.
  - 9.3.3 The Board recognised and expressed thanks to the previous Committee Chair for his contribution and effort on Committee activities prior to his departure from the Board.
  - 9.3.4 The Board expressed thanks to Stephen Hughes for taking over the interim Committee Chair position and his contribution since.
  - 9.3.5 The Board noted the arrival of the new Head of Internal Audit and the outgoing Head of External Audit, recognising the contribution of [REDACTED] over the previous seven years.
- 9.4 The Board noted the update.

## 10 Annual Report and Accounts 2021/22: Approval (HS2B\_22-040)

10.1 The Project Manager for Old Oak Common joined the meeting.

10.2 The Board received and noted a paper and the Annual Report and Accounts as included in the meeting pack and were asked to approve the Annual Report and Accounts.

10.3 The following key points were raised and noted:

10.3.1 The Board expressed thanks to the Project Manager and CFO for the production of this and previous years' Annual Reports and Accounts, and to the CFO for the leadership of the Finance Directorate and established controls environment in place since his arrival, noting that turnover has tripled in this time.

10.3.2 The wording on impairment is due to be agreed with the DfT imminently.

10.3.3 The Board noted the upcoming Value for Money Study by the National Audit Office (NAO) on Euston.

10.3.4 The Board noted that the final details on the Key Performance Indicators (KPIs) are to be agreed with the DfT but that no material changes were anticipated. In the event of material change, the Board will be notified.

10.3.5 Further to the updates provided on inflation, submission of the Q1 forecast and finalisation of the Annual Report and Accounts, the Board held a robust discussion with regard to going concern, fiduciary duties under the Companies Act and the continuation to deliver the Programme to the agreed scope.

10.3.6 **The HS2 Ltd Board approved the Annual Report and Accounts for 2021/2022 subject to correspondence being issued to DfT to highlight the discussion held by the Board.**

**Action: Mark Thurston**

10.4 The Project Manager for Old Oak Common left the meeting.

## 11 Strategic Risk Management – Quarterly Update (HS2B\_22-041)

11.1 The Programme Management Office Director and Risk Director joined the meeting.

11.2 The Board reviewed and noted the paper providing an update on the current status of the Strategic Risk Register following the recent quarterly reviews with the Executive and Action Owners.

11.3 The Board were provided with:

11.3.1 The Strategic Risk review cycle.

11.3.2 A copy of the updated Strategic Risk Register Summary.

11.3.3 A full copy of the Strategic Risk descriptions.

11.4 Further to discussion, it was agreed that the below changes will be made prior to the next Board update:

- 11.4.1 **A review of risk 13: “Health and Safety” following engagement with the Board risk champion to agree the risk probability.**
- 11.4.2 **Review the possibility to include a timeline of the current risk assessment and forecast.**
- 11.4.3 **Consider the appropriateness of inflation and funding being a strategic risk.**
- 11.4.4 **Review risk 8: “Integration probability and impact assessments” and whether this has changed since the award of the Rolling Stock contract.**
- 11.4.5 **The Board discussed Risk 6: “Euston” and the timing for the Board to re-engage with the Euston team.**

**Action:** [REDACTED]

11.5 The Board noted the update.

11.6 The Risk Director left the meeting.

## **12 Phase One Overview (HS2B\_22-042)**

12.1 The Board received and noted the materials as included in the meeting pack summarising the delivery performance for Phase 1 in May 2022.

12.2 The Board noted:

- 12.2.1 The overview of the P50 Estimate at Completion (EAC) as relatively stable noting movement in the period.
- 12.2.2 The overview of visual progress and successes in the month.
- 12.2.3 Discussion on the Health and Safety Performance Indicator (HSPI) with Management clarifying that health and wellbeing scores will make the reporting volatile for 6 months or so.
- 12.2.4 An overview of Baseline Delivery Schedule (BDS) Milestones noting movement in the period.
- 12.2.5 An overview of Business Plan Milestones (BPM), and schedule and strategic performance and risk by sector.
- 12.2.6 Discussion on the quantities summary and concern shared over performance. A Management review is being held and the Board noted that underperformance from any IPT can bring the cumulative position down.
- 12.2.7 Management will review the presentation of cost headlines and use of (estimate at completion) EAC versus estimate to completion (ETC) so that this is consistent and understandable.

12.3 The Board noted the updates.



12.4 The Programme Management Office Director left the meeting.

### 13 Quarterly Civils Update (HS2B\_22-043)

13.1 The interim Delivery Director for Civils, interim Project Client, Civils Engineering Director and Commercial Delivery joined the meeting.

13.2 The Board received and noted the materials as included in the meeting pack summarising the delivery performance for Civils in the quarter up to June 2022.

13.3 The Key points of discussion through the Management Information review were:

13.3.1 Observations from the interim Civils Delivery Director on the Civils portfolio during tenure providing an overall positive reflection.

13.3.2 Positive reaction from the Board to the response to recent Utility incidents which had been an area of concern.

13.3.3 Health and Safety performance which continues to report above industry standard but remains of key focus.

13.3.4 An update on schedule performance noting no implication to Delivery into Service.

13.3.5 The Board discussed and noted the [REDACTED]  
[REDACTED]  
[REDACTED]

13.3.6 An update on cost performance and challenges in the pipeline and draft trends.

13.3.7 The Board noted the positive progress on the consents strategy, noting those which are programme critical and whilst there is support it is recognised as a lengthy process. It was suggested to keep this on the agenda for the Ministerial Taskforce (MTF) meetings.

13.3.8 The Board noted the plan for Enabling Works Contract (MWC) close out by the end of 2022.

13.3.9 The Board noted the [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

13.3.10 The Board discussed [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

13.3.11 It has been agreed that the Board will review one of the JVs in more detail together with a site visit.

13.4 The Board noted the updates.

13.5 The interim Delivery Director for Civils, interim Project Client, Civils Engineering Director and Commercial Delivery left the meeting.

## **14 Phase 2a Update (HS2B\_22-044)**

14.1 The interim Phase 2a Delivery Director, Phase 2a Head of Delivery Integration and Phase 2 Project Controls Director joined the meeting.

14.2 The Board received and noted the materials as included in the meeting pack summarising the delivery performance for Phase 2a for May 2022.

14.3 The Board noted:

14.3.1 The amendment to the governance timeline for a procurement matter.

14.3.2 Engagement with the Project Representation (P-Rep) team and the use of assurance.

14.3.3 [REDACTED]

14.3.4 Active protestor updates.

14.3.5 Discussion and concern from the Board on schedule performance noting that contractor performance submissions are required from a contractor prior to schedule mitigation.

14.3.6 The Board received an update on Phase 2a Earthworks Options noting that the current aggressive profile is not optimal.

14.3.7 The Board discussed the options being considered from a deliverability, affordability and commercial perspective which will be developed over coming weeks.

14.4 The Board noted that a discussion had been held at the Commercial and Investment Committee on the procurement plan for Phase 2a Main Civils Work (MCW) which has needed to become more flexible due to the Design and Delivery Partner (DDP) and this was concluded as good in the approval of the MCW procurement plan, subject to the team providing an adequate Contract Management Plan and readiness to manage the DDP.

14.5 The interim Phase 2a Delivery Director, Phase 2a Head of Delivery Integration and Phase 2 Project Controls Director left the meeting.

## **15 Phase 2b West hybrid Bill status (HS2B\_22-045)**

15.1 The Phase 2 Managing Director and the Hybrid Bill Delivery Director joined the meeting in support of the item.

15.2 Board received and noted a paper and presentation as included in the meeting pack on the current position with the Phase 2b West Leg Crewe to Manchester hybrid Bill.

15.3 The following key points were raised and noted:

15.3.1 The Board commended the clarity of presentation of the hybrid Bill and Committee process.

15.3.2 The Board noted the update on the removal of the Golborne Link and the implications of doing so and held a discussion on the reasoning for the removal.

15.4 The Board noted the update.

15.5 The Phase 2 Managing Director and the Hybrid Bill Delivery Director left the meeting.

## **16 Report from Commercial and Investment Committee 16 June 2022 (HS2B\_22-046)**

16.1 The Board reviewed and noted the report from the Committee held on 16 June 2022, as included in the meeting pack and received a verbal update from the Committee Chair.

16.2 As referenced at the June Board meeting and agreed formally following, the Board had delegated two decisions to the Committee, with wider attendance from non-Committee Members should there be availability.

16.3 The Committee had considered the below items for agreement of onward submission and approval from the DfT:

16.3.1 The Birmingham Interchange Station Automated People Mover, Package Procurement Plan.

16.3.2 Phase 2a Main Civils Works Package Procurement Plan and Pre-Qualification Pack.

16.4 The Committee held a robust discussion on both matters, and the Committee report details the discussion and queries raised.

16.5 The Board noted that following careful consideration the Committee had approved the decisions for onward submission and approval from the DfT.

16.6 During the course of the meeting the Committee had also noted:

16.6.1 A paper outlining a summary of the [REDACTED]

16.6.2 The Committee continued a discussion from the previous meeting with the Chief Commercial Officer and to understand her future plans for the Commercial Directorate Management Plan.

16.7 The Board noted the updates and thanked the Committee for the progression of approvals required.

## **17 Forward Look (HS2B\_047)**

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.

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

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