

Meeting minutes

HS2 Ltd Board

Meeting date Wednesday, 29 March 2023

Meeting location The Podium, London

Meeting time 09:00-15:15

Members	Attendees	Apologies
Elaine Holt (Deputy Chair) Non-Executive Director	Alan Foster Interim Chief Financial Officer	Jon Thompson Chair
Mel Ewell Non-Executive Director	██████████ (item 9) Risk Director	
Judith Hackitt Non-Executive Director	██████████ (item 7) Commercial Delivery Director – Civils & Services	
Tom Harris Non-Executive Director	██████████ (item 8) Corporate Sponsor	
Stephen Hughes Non-Executive Director	Alan Over (item 3) DfT Senior Responsible Officer (SRO)	
Ian King Non-Executive Director	Non Owen Company Secretary	
Roger Mountford Non-Executive Director	██████████ Project Client - EKFB	
Mark Thurston Chief Executive Officer	██████████ (item 9) Cost and Estimating Director	
Ruth Todd Chief Commercial Officer	██████████ (item 7) Delivery Director – Civils	
	██████████ (Observer) General Counsel	

1 Welcome, Quorum, Declarations of Interest and Values Moment

1.1 The Chair welcomed members and attendees to the meeting.

1.2 No new/additional conflicts of interest were declared.

1.3 The Board received a values moment from Judith Hackitt regarding safety and it was agreed that the article referred to would be shared with the Board.

Action: Company Secretary

2 Minutes of the Previous Meeting and Matters Arising (HS2B_22-133, HS2B_22-150 and HS2B_22-151)

- 2.1 The minutes of the meeting held on 22 February 2023 were approved as an accurate record.
- 2.2 The Board noted the status of the actions.

3 DfT SRO Update (HS2B_22-152)

- 3.1 The Department for Transport (DfT) Senior Responsible Officer (SRO) joined the meeting.
- 3.2 The Board received a verbal update on DfT activity / focus during the period, including:
 - 3.2.1 The outcome of the funding settlement which had been based on planning assumption done jointly with HS2 and DfT. The Board noted the position of the handling of the announcement and the impact to the wider transport portfolio.
 - 3.2.2 A verbal update on the Programme implications of the funding settlement was noted including to teams and the supply chain.
 - 3.2.3 The Board discussed that in year cash management/ profile control continues to be critical.
 - 3.2.4 There will be four review points in the year.
 - 3.2.5 The Board discussed the supply chain reaction and the need to react quickly.
 - 3.2.6 The Board queried t [REDACTED]
[REDACTED]
[REDACTED]
 - 3.2.7 The DfT were complimentary on the National Audit Office (NAO) site visit to Euston. The report released is considered as balanced but it is key for robust and clear plans together with a view on costs between those which are intrinsic, what has been a result of potential overdesign/ scope creep. The Board requested that this also demonstrates cost drivers including what drove the price change from September 2022 and January 2023.
 - 3.2.8 [REDACTED]
[REDACTED].
 - 3.2.9 [REDACTED]
[REDACTED]
 - 3.2.10 The Board discussed and queried the [REDACTED] in this.
 - 3.2.11 The DfT continue to be engaged on the P50 EAC data and areas of focus including Euston, Rail Systems and indirects.
 - 3.2.12 The DfT have received and note the outputs of the Bottom Up Forecast (BUF) and Main Works Civils Contract (MWCC) position and [REDACTED]
[REDACTED]
[REDACTED]

3.2.13 The Board thanked the DfT SRO for continued support and engagement.

3.3 The Board noted the updates.

3.4 The DfT SRO left the meeting.

4 Chair/ Board Updates (HS2B_22-153)

4.1 The Board received and noted the Chair Report as included within the meeting pack, summarising engagement during the period.

4.2 The Report was taken as read in the absence of the Chair from the meeting with the exception of an update on strategic communications and it was agreed that the Deputy Chair would discuss this with the Chair.

4.3 The Board noted the update.

5 CEO Summary – March 2023 (HS2B_22-154)

5.1 The Chief Executive Officer introduced the CEO summary for March 2023, as included within the meeting pack which was taken as read, and captured points of response from the CEO to the summary of the Chair of points to consider by the Board over coming months.

5.2 The CEO summarised Health and Safety performance including preparations for the upcoming conference and recruitment of the incoming Health, Safety and Security Director.

5.3 The Board noted the ongoing activity on the Executive led Q1 sprints.

5.4 The General Counsel provided a verbal update on active litigation matters.

5.5 The Board went on to consider work to date on the [REDACTED]

5.5.1

[REDACTED]

5.5.2

[REDACTED]

5.5.3

[REDACTED]

5.5.4

[REDACTED]

- 5.5.5 [Redacted]
- 5.5.6 [Redacted]
- 5.5.7 [Redacted]
- 5.5.8 [Redacted]
- 5.5.9 [Redacted]
- 5.5.10 [Redacted]
- 5.5.11 [Redacted]
- 5.5.12 [Redacted]

Action: Company Secretary

5.6 The Board noted the update.

6 Phase One Overview / P50 EAC (HS2B_22-155)

6.1 The Interim Chief Financial Officer introduced the Phase One Overview as included within the meeting pack, providing a summary of the Phase One Performance over the month.

6.2 The Interim Chief Financial Officer provided an update on P50 EAC. The following key points were raised and noted:

6.2.1 The Board noted the most likely [Redacted]

6.2.2 The Board noted that [Redacted]

6.2.3 Management confirmed that the numbers presented are consistent with the Performance Measurement Baseline (PMB) and BuF.

6.2.4 The Board requested that the position be reported with further information on the further opportunities/ outputs from the [Redacted]

6.2.5 It was agreed that Board Members would be engaged in a series of deep dives to interrogate the basis of estimate and key judgements.

- 6.2.6 The Board noted that the EAC will be submitted on a quarterly basis from now on.
- 6.2.7 There is still work to do on indirects which will include a review of the approach of other Arms Length Bodies (ALBs).
- 6.2.8 Management will also consider the cost drivers and what the risk exposure/ allocation of contingency required.
- 6.2.9 Sunk costs, together with an historic view of where costs have moved over time is also required.

6.3 The Board noted the updates.

7 Programme Update – Civils (including MWCC Oversight – BuF and PMB endorsement) (HS2B_22-156)

7.1 The Delivery Director – Civils, Commercial Delivery Director – Civils & Services and Project Client - EKFB joined the meeting.

7.2 The Board received and noted the Interim Civils Performance Measurement Baseline (PMB), as included within the meeting pack.

7.3 The Board were asked to:

7.3.1 [Redacted]

7.3.2 [Redacted]

7.3.3 [Redacted]

7.3.4 [Redacted]

7.4 The following key points were raised and noted:

- 7.4.1 The paper submitted excludes the position of one Joint Venture, the numbers for which are provisional.
- 7.4.2 The Board noted that the position is presented with 10% in year efficiency. Management advised that to date around 15% of efficiencies have been achieved to date.
- 7.4.3 Management provided a brief overview of the purpose and remit of a commercial review currently under consideration.

- 7.4.4 The Board noted that at the time of reporting Project Representative (P-Rep) had not been formally engaged however Management have been in liaison and do not expect any material differences.
- 7.5 The Board endorsed the new, interim PMB for BBV, Align and SCS.
- 7.6 The Board noted [REDACTED]
[REDACTED]
- 7.7 The Board further noted the Civils performance during the quarter.
- 7.8 The following key points were raised and noted:
- 7.8.1 Management Information submitted with the Board papers, is representative of February performance and so the Delivery Director for Civils would also provide a verbal update from the partnering Boards which had been meeting in March.
 - 7.8.2 There is a continued focus on delivery from the supply chain.
 - 7.8.3 Management focus remains on cost control, improvement on management of cost and driving efficiencies.
 - 7.8.4 The Board noted the summary of performance in the period including areas of success.
 - 7.8.5 The recent changes one of the Joint Ventures, including leadership improvement.
 - 7.8.6 The Board noted the [REDACTED]
[REDACTED]. The Board noted that this is included in the Management Information as a trend.
 - 7.8.7 The Board requested that once a decision has been taken on which route will be pursued, a view should be taken on the level of involvement from the DfT required.
 - 7.8.8 The Board noted the performance summary in the quarter and that 19 sites are now carbon free. Management advised that the same level of emphasis is required on biodiversity and this is a progressing piece.
 - 7.8.9 Concerns remain on schedule 17 and consenting.
 - 7.8.10 The Board noted the completion of Enabling Works in Civils and that a review will be undertaken of the position against BL7.
- 7.9 The Board noted the update.
- 7.10 The Delivery Director for Civils, Commercial Delivery Director – Civils & Services and Project Client for EKFB left the meeting.

8 Corporate KPIs 2023/24 (HS2B_22-157)

- 8.1 The Corporate Sponsor joined the meeting in support of this item.

- 8.2 The Interim Chief Financial Officer introduced the Corporate KPIs 2023/24 paper, as included within the meeting pack.
- 8.3 The Board were asked to:
 - 8.3.1 Approve the finalised KPIs that had been successfully agreed with DfT for FY 2023/24;
 - 8.3.2 Note the remaining KPIs yet to be agreed, principally associated with the cost and schedule metrics; and
 - 8.3.3 Note the next steps to finalising and agreeing the FY 2023/24 KPIs with DfT.
- 8.4 The Board were supportive of the KPI position and noted that the DfT have been very complimentary on the process.
- 8.5 The Board noted that the KPIs will now form part of the performance cycle.
- 8.6 Management suggested that in the interim absence of the cost and schedule position, that the Civils position might be set in the first instance and this would be updated when the Baselines had been revised.
- 8.7 The Board approved the finalised KPIs as agreed with the DfT.
- 8.8 The Corporate Sponsor left the meeting.

9 HS2 Ltd Management of Strategic Risks for 2022/2023 (HS2B_22-158)

- 9.1 The Risk Director and Cost and Estimating Director joined the meeting.
- 9.2 The Board received and noted the HS2 Ltd Management of Strategic Risks for 2022/2023, as included within the meeting pack.
- 9.3 The Board were asked to:
 - 9.3.1 Note the output of the Executive review and refresh of HS2 Ltd's Strategic Risks undertaken this quarter.
 - 9.3.2 Comment and/or approve the current HS2 Ltd's Strategic Risk Register as an input to drafting of the 2022/23 Annual Report & Accounts (ARA).
 - 9.3.3 Note the proposed timing for the review and reset of HS2 Ltd's Strategic Risks following the ongoing Baseline exercise.
- 9.4 The following key points were raised and noted:
 - 9.4.1 The Board were in agreement that the score on Consents should be higher than Design, having split these out into two risk.
 - 9.4.2 The Board requested clarification on the integration risk in order to explain whether this means Network Rail/ TfL/ Elizabeth Line/ one or all of the above

etc., but were in agreement that the downgrade of the risk is right due to the current position of Programme and emerging/ in flight changes.

- 9.4.3 Agreement from the Board to reduce Protestor Risk, again based on in flight changes.
- 9.4.4 A discussion was held on risks which are scored at 25, and when they materialise, should they continue to be reported as such.
- 9.4.5 The Board requested amendment to both External Risks.
- 9.4.6 The Board were in agreement to include inflation into Supply Chain risk.
- 9.4.7 The Board were in agreement to add in cyber security to external events.
- 9.4.8 The Board advised on keeping the climate risk change static and review this later in the year.
- 9.4.9 The Board noted People as a new risk and welcomed this but, requested that score is increased and to also include capability in the description.
- 9.4.10 There was a request to expand the description of the Euston risk, as the risk of delays has broader implications to business case, reputation etc.
- 9.4.11 The Board requested amendment to the funding risk.

9.5 It was agreed that a further iteration of the Strategic Risk Register would be shared with the Board, incorporating feedback given.

Action: Alan Foster

- 9.6 The Risk Director and Cost and Estimating Director left the meeting.

10 Forward Look, AOB and Close/Meeting float (HS2B_22-159)

- 10.1 The Board reviewed the Forward Look paper, as included in the meeting pack, and noted the items scheduled for discussion at future meetings.
- 10.2 As part of a review of the forward look the Board agreed to delegate a decision to the Commercial and Investment Committee (CIC) with regard to an increase in a property cost estimate. The CIC will report back on the decision reached.
- 10.3 The Board recognised and thanked Mel Ewell for his contribution to HS2 Ltd during his six and a half year tenure.
- 10.4 There were no other items of business raised for discussion and the meeting was closed.