

# Meeting minutes

## HS2 Ltd Board

**Meeting date** Wednesday, 31 May 2023

**Meeting location** MS Teams

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

Members	Attendees	Apologies
Elaine Holt (Acting Chair) Non-Executive Director	██████████ (item 13) On Network Works Director	Jon Thompson Chair
Joanna Davinson Non-Executive Director	██████████ (item 8) Head of Commercial - Old Oak Common	
Alan Foster Chief Financial Officer	██████████ (item 8) Project Client - Old Oak Common	
Judith Hackitt Non-Executive Director	██████████ (item 9) Head of Project Controls Phase 2B	
Tom Harris Non-Executive Director	██████████ (item 12) Project Client - Curzon Street	
Stephen Hughes Non-Executive Director	██████████ (item 8) Commercial Delivery Director for Civils and Services	
Ian King Non-Executive Director	██████████ (item 7) Project Controls Director, Stations and Systems	
Keith Smithson Non-Executive Director	Roger Mountford Advisor to the Board	
Mark Thurston Chief Executive Officer	Alan Over (item 3) DfT Senior Responsible Officer (SRO)	
Ruth Todd Chief Commercial Officer	Non Owen Company Secretary	
	██████████ (item 8) Head of Commercial - BBV	
	Chris Rayner (items 7, 12, 13) Delivery Director - Stations and Systems	
	Tim Smart (item 9) Phase Two Managing Director	
	██████████ (item 8) Delivery Director - Civils	
	██████████ (Observer) General Counsel	

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

- 1.1 The Acting Chair welcomed members and attendees to the meeting and welcomed Joanna Davinson and Keith Smithson as incoming Members of the Board, following appointment.
- 1.2 No new/additional conflicts of interest were declared.
- 1.3 The Board received a values moment from Tom Harris regarding reaction and response to a safety incident noting a positive response from the business in challenging circumstances.

# 2 Minutes of the Previous Meeting and Matters Arising (HS2B\_23-015 and HS2B\_23-016)

- 2.1 The minutes of the meeting held on 26 April 2023 were approved as an accurate record.
- 2.2 The Board noted the status of the actions and agreed closure of the open actions.

# 3 DfT SRO Update (HS2B\_23-017)

- 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 anticipated timeline for publication of the HS2 Ltd six-monthly report to Parliament: June 2023 and the handling plans for the same.
  - 3.2.2 The outcome of the fiscal settlement and the implications.
  - 3.2.3 Navigation of the implications of construction pauses.
  - 3.2.4 Continued discussions on the Euston site and the requirement for understanding of a HS2 required station.

[REDACTED]

[REDACTED]

- 3.3 The Board noted the updates.
- 3.4 The DfT SRO left the meeting.

# 4 Chair/ Board Updates (HS2B\_23-018)

- 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.

- 4.3 The Board noted ongoing discussions being held with the DfT and Government on the position of the Programme, both currently, in the fiscal year settlement, and beyond. Management accept the complexity and requirement to transparently communicate this to incoming Government however there is a tension to maintain delivery and control of the Programme, which requires decisions to be made.

## 5 CEO Summary – May 2023 (HS2B\_23-019)

- 5.1 The Chief Executive Officer introduced the CEO summary for May 2023, as included within the meeting papers and highlighted the following points:

- 5.1.1 The Board noted the inclusion of an Executive forward look for 2023, summarising activity and key milestones across Government, HS2 Ltd, Programme, Baselines and Remediation Plan.
- 5.1.2 The Board noted the most recent update available on a safety incident.
- 5.1.3 The Board noted the attendance of the CEO at both the Public Accounts Committee (PAC) and the Transport Select Committee (TSC) in the period.

█ The Board noted ongoing activity in Phase 1 including deep dive workshops to interrogate the basis of the estimate and key judgements of the █

- █
- 5.1.6 An Executive Committee Critical Thinking session which had taken place to review workforce and indirect costs which will be reported in fuller detail to the Remuneration Committee and onto the Board.

- 5.1.7 The Board noted the update on preparations for the All Staff Event.

- 5.2 The Board noted the updates.

## 6 Phase 1 Overview/ █ (HS2B\_23-020)

- 6.1 The Chief Financial Officer introduced the █ and Phase One Overview, as included within the meeting pack.

- 6.2 The Board were asked to:

- 6.2.1 Provide feedback on the contents of the update, noting:

6.2.1.1. The current status of engagement with the DfT and nominated NEDs

6.2.1.2. The shift in focus from the central most likely estimate to determining a reasonable low-high range for the █

- 6.2.1.3. The forward plan of activity to align the Executive, Board members and DfT ahead of the June Board meeting to inform a recommended position.
- 6.3 The Phase 1 overview provided in the meeting pack was taken as read, however the CFO summarised the financial performance versus in year budget and advised that the detailed bottom-up profiles are being developed as part of Q1 Forecast aligned to revised scope.
- 6.4 The Board queried contractors reporting behind on design productivity and Management confirmed that there has been intervention and an upturn has been seen, but still not to the level of satisfaction required.
- 6.5 Management advised that the lack of reporting of consents has been discussed with a contractor and there is acceptance that there needs to be a change in process to rectify this.
- 6.6 Discussion turned to the latest position of the [REDACTED] where the following key points were raised and noted:
- 6.6.1 The Board received the current view of the most likely cost range, excluding inflation.
  - 6.6.2 Management are conducting a programme of reviews and outstanding work but noted the tension that with each review comes a request for more data/information.
  - 6.6.3 The Board discussed the low end of the range and what set of analysis/assumptions were required for this to be a deliverable cost. Management advised that this is a current area of focus in the business to then inform the basis of [REDACTED]
  - 6.6.4 Transparency of assessment of judgement will be key.
  - 6.6.5 [REDACTED]
  - 6.6.6 Management summarised the inputs including supply chain forecasts, bottom up forecasts, performance measurement baselines, cost to date, cost to go, prelims, labour, plant and materials etc. Assumptions for design and consents are taken from the supply chain and then HS2 overlay on supply chain costs.
  - 6.6.7 The Board noted the complexity involved and the need to understand what is true for a lowest viable option.
  - 6.6.8 The Board noted the volume of activity and effort to produce a further product for June and queried what level of support could be offered. Board Members will be engaged in future reviews including how to test the detail and logic of assumptions.
  - 6.6.9 The Board note their fiduciary duty and the requirement to be satisfied with a robust product, supporting Management Information, and understanding of cost of the entirety of the Programme in cost of the day.

6.6.10 Management will review how to present principle assumptions for the overall [REDACTED] and then those on line items.

6.7 The Board noted the updates.

## 7 Stations and Systems Update (HS2B\_23-021)

7.1 The Delivery Director for Stations and Systems and Project Controls Director for Stations and Systems joined the meeting.

7.2 The Board received and noted the Stations and Systems slides, as included within the meeting pack, providing the Board with an update on the Stations and Systems portfolio.

7.3 The following key points were raised and noted:

7.3.1 There has been a construction pause and reflect following a safety incident and the level of engagement from the supply chain has been received positively, given the situation.

7.3.2 Interventions are being taken following a near miss on one of the sites.

7.3.3 [REDACTED]  
[REDACTED]  
[REDACTED].

7.3.4 The Board noted focus on the west and east box at Old Oak Common due to schedule dependency.

7.3.5 [REDACTED]  
[REDACTED]  
[REDACTED].

7.3.6 [REDACTED]  
[REDACTED].

7.3.7 [REDACTED].

7.3.8 The Board noted the milestones due for Rail Systems contracts.

7.3.9 The Board received a verbal update on an active litigation matter.

7.3.10 The Board noted a national shortage of ballast flagged as a risk.

7.3.11 The Board noted the summary of cost and schedule provided for Stations and Systems.

7.4 The Delivery Director for Stations and Systems and Project Controls Director for Stations and Systems left the meeting.

## 8 Contract and Cost Management of the JVs (EKFB, BBV, BBVS) (HS2B\_23-022)

- 8.1 The Delivery Director for Civils, Commercial Delivery Director of Civils & Services, Head of Commercial for BBV, Project Client for Old Oak Common and Head of Commercial for Old Oak Common joined the meeting.
- 8.2 The Board received and noted the Cost Control Case Studies slides, as included within the meeting pack, bringing to life the management of cost within the programme, including three case studies aiming to demonstrate some of the ways in which the team control cost across the value management framework, some of the challenges and how they were responded to.
- 8.3 The Board received an overview from the CCO summarising the intent of the session including:
  - 8.3.1 A case study to provide an overview of one of the more difficult contracts and the range of measures being applied through the Integrated Project Team (IPT).
  - 8.3.2 A case study to illustrate how the IPT and contracts work collaboratively to problem solve.
  - 8.3.3 A case study to demonstrate the effectiveness of the contract construct in managing performance.
- 8.4 The following key points were raised and noted:
  - 8.4.1 The Board queried on how action was taken against legitimate non performance, noting that Management are reviewing the cost of this currently, but that deductions have, and are being taken, from applications for payment.
  - 8.4.2 The Board noted the scale, complexity and level of transactions and commercial activity happening with the MWCCs.
  - 8.4.3 The Board were encouraged to see positive response from the supply chain and queried the level of contractual interventions and whether these were sufficient. Management advised that this is also dependant on timing to find workable solutions but that the revised commercial model will be helpful.
  - 8.4.4 The Board noted that the case studies are helpful in order to understand the Management Information which is submitted at a highly aggregated level.
  - 8.4.5 The Board noted the success of electric equipment use at sites and these are being used a showcase and no cost is being incurred by HS2.
  - 8.4.6 Management confirmed that Parent Company Guarantees have been received as required.
  - 8.4.7 The Board noted that lessons learned are being reviewed in order to understand cost variation including looking back to the [REDACTED]  
[REDACTED]  
[REDACTED]

8.4.8 The Board noted that the success of the contracts is also dependant on a partnership between HS2 Ltd and Government to progress with issues including COVID-19, inflation and planning consents. The Board noted that the latest six-monthly Parliamentary Report will continue to show no drawdown of Governmental contingency.

8.5 The Board noted the update.

8.6 The Delivery Director for Civils, Commercial Delivery Director of Civils & Services, Head of Commercial for BBV, Project Client for Old Oak Common and Head of Commercial for Old Oak Common left the meeting.

## **9 Phase 2b AP2 including AP2 PCRs (HS2B\_23-023)**

9.1 The Phase Two Managing Director and Head of Project Controls Phase 2b joined the meeting.

9.2 The Board received and noted the Phase 2b Western Leg Additional Provision (AP) 2 paper, as included within the meeting pack.

9.3 The Board were asked to:

9.3.1 Note that Phase 2b Western Leg Additional Provision 2 (AP2) will be deposited in Parliament in July 2023 as part of the Crewe to Manchester hybrid Bill.

9.3.2 Note that AP2 C&S Advice will be issued to the Department of Transport (DfT).

9.4 The Phase Two Managing Director provided an overview of the information presented including the assurance which had been conducted. The Board noted that the outcome will manifest in written advice under the delegations of the Development Agreement.

9.5 The Board noted that a formal cost position for the Phase will be provided at the point of Royal Assent.

9.6 The Board noted the update.

9.7 The Phase Two Managing Director and Head of Project Controls Phase 2b left the meeting.

## **10 Report from Commercial and Investment Committee 11 May 2023 (HS2B\_23-024)**

10.1 The Board received and noted the Report from the Commercial and Investment Committee (the Committee) held on 11 May 2023.

10.2 The Board received the report as read and the Committee Chair provided a verbal update on the key matters raised during the course of the meeting, including:

10.2.1 Noting the [REDACTED]

- 10.2.2 [Redacted]
- 10.2.3 [Redacted]
- 10.2.4 [Redacted]

10.3 The Board noted the updates.

## 11 Chrysalis Recommendation Paper (HS2B\_23-025)

11.1 The Delivery Director for Civils and Commercial Delivery Director for Civils & Services joined the meeting.

11.2 The Board received and noted the proposed [Redacted] as included within the meeting pack.

11.3 The Board were asked to note:

- 11.3.1 [Redacted]
- 11.3.2 [Redacted]
- 11.3.3 [Redacted]
- 11.3.4 [Redacted]

11.4 Management advised that due to [Redacted] the recommended option to proceed was being presented and this was in line with contractual ability to enact.

11.5 The Board noted the update provided and confirmed support of the Management decision to proceed.

11.6 The Board noted the update.

11.7 The Delivery Director for Civils and Commercial Delivery Director for Civils & Services left the meeting.



## 12

[REDACTED]

[REDACTED] (HS2B\_23-026)

12.1 The Project Client for Curzon Street joined the meeting.

12.2 The Board received and note the [REDACTED]  
[REDACTED], as included within the meeting pack.

12.3 The Board were asked to:

12.3.1 [REDACTED]  
[REDACTED]  
[REDACTED]

12.3.2 [REDACTED]  
[REDACTED]  
[REDACTED]

12.3.3 [REDACTED]  
[REDACTED]  
[REDACTED]

12.3.4 [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

12.3.5 [REDACTED]

12.3.6 [REDACTED]  
[REDACTED]

12.3.7 [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

12.4 The following key points were raised and noted:

12.4.1 [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

12.4.2 [REDACTED]  
[REDACTED]  
[REDACTED]

12.4.3 Following the meeting of the Sub Committee, the outcome will be communicated to the June Board meeting.

12.5 The Project Client for Curzon Street left the meeting.

**13** [REDACTED]  
[REDACTED] **(HS2B\_23-027)**

13.1 The On Network Works Director joined the meeting.

13.2 The Board received and noted the [REDACTED]  
[REDACTED] as included within the meeting pack.

13.3 The Board were asked to approve:

13.3.1 [REDACTED]  
[REDACTED].

13.3.2 [REDACTED]  
[REDACTED]

13.4 The Board discussed the following key points:

13.4.1 The matter had been considered by the CIC, during which a point of discussion had been concern on maintaining cost but there was more assurance given during the meeting and the Committee remain content to recommend approval of the paper. It was noted that the position has also been externally assured.

13.4.2 The Chair of the Committee emphasised that this is not the usual cost reimbursable contract model, but a target cost model with a pain and gain share and that this has been considered as advantageous.

13.4.3 The Board noted that inflation is a HS2 Ltd risk.

13.5 The Board:

13.5.1 [REDACTED]  
[REDACTED]  
[REDACTED]

13.5.2 [REDACTED]  
[REDACTED]

13.6 The Delivery Director for Stations and Systems and On Network Works Director left the meeting.

**14 Report from Health, Safety and Security Committee 03 May 2023 (HS2B\_23-028)**

14.1 The Board received and noted the Report from the Health, Safety and Security Committee (the Committee) held on 03 May 2023.

14.2 The Board received the report as read and the Committee Chair provided a verbal update on the key matters raised during the course of the meeting, including:

- 14.2.1 The Committee congratulated those involved in the preparation and delivery of the Health and Safety Conference.
- 14.2.2 The Committee received a detailed report and update on the safety incident which had also been shared at the recent Health and Safety Conference.
- 14.2.3 Lessons learned are being reviewed from the safety incident and this will continue to be an area of focus. The Committee Chair reflected that there is a good level of evidence in reports on facts prior to occurrence but there could be improvement to understand why incidents occur.
- 14.2.4 The Committee referenced a deep dive into Rail Systems design and integration and have queried with Management whether this should be extended to wider Board Members.
- 14.2.5 The Committee had positively received a report on road risk.

14.3 The Board noted the update.

## **15 Report from Environmental Sustainability Committee 04 May 2023 (HS2B\_23-029)**

15.1 The Board received and noted the Report from the Environmental Sustainability Committee (the Committee) held on 04 May 2023.

15.2 The Board received the report as read and the Committee Chair provided a verbal update on the key matters raised during the course of the meeting, including:

- 15.2.1 A deep dive into the SCS Environmental Performance across Civils Contracts, including update on Diesel Free Sites, Contractor Green Plans and Supply Chain Case Studies which had been positively received.
- 15.2.2 A review of ancient woodland compensation commitments. It was agreed that there should be a review of the success or otherwise for the relocation of soil.
- 15.2.3 The Committee reflected that there is a lot of positive work happening for environmental sustainability and so there will be a discipline to keep the agenda on areas of key focus.

15.3 The Board noted the update.

## **16 Report from Remuneration Committee 11 May 2023 (HS2B\_23-030)**

16.1 The Board received and noted the Report from the Remuneration Committee (the Committee) held on 11 May 2023.

16.2 The Board received the report as read and the Committee Chair provided a verbal update on the key matters raised during the course of the meeting, including:

16.2.1 Conclusion of year end activity of the Committee which was received positively.

16.2.2 Review of the HR Dashboard and Management Information, noting a deep dive which has been commissioned on the attrition of Graduates and Apprentices.

16.2.3 An initial discussion on workforce and capability as referenced in the CEO Summary.

16.2.4 Approval of extension to the Civils Delivery Director for a further year.

16.2.5 The review and agreement for how to proceed with the Senior Roles allocated in the business.

16.2.6 Discussion on the [REDACTED]

16.2.7 Approval of the 2023/2024 Contingency Pay Budget.

16.3 The Board noted the update.

## **17 Forward Look, AOB and Close/Meeting float (HS2B\_23-031)**

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 noted the update to the running order for the July Board meeting and that calendar invitations would be updated accordingly.

17.3 The Board recognised the contribution of Roger Mountford as a Non-Executive to the Board and thanked him for his involvement and effort to the Board and organisation over 100 Formal Board meetings.

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