

Meeting minutes

HS2 Ltd Board

Meeting date Wednesday, 28 June 2023

Meeting location The Podium, London

Meeting time 09:00-16:00

Members	Attendees	Apologies
Jon Thompson Chair	[REDACTED] Commercial Delivery Director for Civils and Services	
Joanna Davinson Non-Executive Director	[REDACTED] Advisor to the Board	
Alan Foster Chief Financial Officer	[REDACTED] Head of CFO Office Special Projects (Interim)	
Judith Hackitt Non-Executive Director	Alan Over (item 3) DfT Senior Responsible Officer (SRO)	
Tom Harris Non-Executive Director	Non Owen Company Secretary	
Elaine Holt Non-Executive Director	Chris Rayner (item 8) Delivery Director - Stations and Systems	
Stephen Hughes Non-Executive Director	[REDACTED] Delivery Services Director	
Ian King Non-Executive Director	[REDACTED] Cost and Estimating Director	
Keith Smithson Non-Executive Director	[REDACTED] Delivery Director - Civils	
Mark Thurston Chief Executive Officer	Aileen Thompson (item 9) Director - Communications and Stakeholder Management	
Ruth Todd Chief Commercial Officer	[REDACTED] Euston Area Director	
	[REDACTED] 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 the Chief Commercial Officer on leadership and active listening.

2 Minutes of the Previous Meeting and Matters Arising (HS2B_23-033 and HS2B_23-034)

- 2.1 The minutes of the meeting held on 31 May 2023 were approved as an accurate record.
- 2.2 The Board noted the status of the actions.

3 DfT SRO Update (HS2B_23-035)

- 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 6 monthly report submission and reaction to the same.
 - 3.2.2 In year budget performance.
 - 3.2.3 Good process and reasonable convergence between HS2 and the DfT [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
 - 3.2.4 Phase 1 delivery and a request for lessons learned from a safety incident commissioned. A review of performance in earthworks, concrete, design and consents.
 - 3.2.5 Prioritised requirements for Euston against a budget with focus on the root cause analysis commissioned and the cost drivers. There is ongoing review of what a Minimal Viable Product (MVP) would look like and cost.
 - 3.2.6 A Sub Committee of the Board to consider Curzon Street attended by the DfT SRO, the summary of which had been included in the Board papers.
 - 3.2.7 [REDACTED]
[REDACTED]
[REDACTED]
 - 3.2.8 Agreement that a combined strategy for levelling up on how to approach local authorities would be useful for agreeing on consents.
 - 3.2.9 Discussions on the reprofiling of delivery, noting that for Phase 2, Ground Investigations (GI) and key design work need to be progressed in order to derisk.
 - 3.2.10 Discussion on the hold or strategic redeployment of spend, noting the tension between cashflow versus the programme cost.

3.2.11 Discussion on the outstanding agreement of the cost and milestone Key Performance Indicators (KPIs).

3.3 The Board noted the updates.

3.4 The DfT SRO left the meeting.

4 Chair/ Board Updates (HS2B_23-036)

4.1 The Board received a verbal update from the Chair, summarising engagement during the period, including:

4.1.1 Engagement with Ministers and Secretary of State (SoS) for Transport and continued economic support for the Programme.

4.1.2 Importance for the Board and fiduciary responsibility to understand the position of the Programme and continue to work to inform the DfT on what the cost position is at any given point.

4.1.3 A positive site visit to Old Oak Common (OOC) giving insight into the scale, complexity and volume of work being delivered.

4.1.4 It was agreed that an invitation would be extended to the Managing Director of the West Coast Partner (WCP) to attend a future Board meeting.

Action: Non Owen

4.2 The Board noted the updates.

5 CEO Summary – June 2023 (HS2B_23-037)

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

5.1.1 Success of the recent All Staff Event with thanks given to those Board Members who were able to attend.

5.1.2 A verbal update on a recent safety incident.

5.1.3 It was agreed that the Health, Safety and Security Committee would be updated on a recent decision regarding Platform Edge Protection.

Action: Company Secretariat for scheduling

5.1.4 It was agreed that an update on the procurement approach to Rail Systems would be tabled at a future Commercial and Investment Committee.

Action: Company Secretariat for scheduling

5.1.5 An update on the Phase 2a leadership transition and activity to reflect Programme pauses.

5.1.6 A verbal update on an active litigation matter.

5.1.7 Ongoing work with the Remuneration Committee, the outcome of which will report to the July Board meeting.

Action: Company Secretariat for scheduling

5.2 The Board noted the updates.

6 [REDACTED] Phase 1 Overview (HS2B_23-038)

6.1 The Cost and Estimating Director joined the meeting.

6.2 The Chief Financial Officer introduced the [REDACTED] and Phase One Overview, as included within the meeting pack.

6.3 The Board were asked to:

6.3.1 Provide feedback on the contents of the update, noting:

6.3.1.1. The assumptions and exclusions adopted as part of the [REDACTED]

6.3.1.2. The shift in focus from a central 'most likely' estimate to a reasonable 'low-high' range for the [REDACTED]

6.3.1.3. The latest status position and agreed next steps following the [REDACTED] meeting held between HS2 Ltd, DfT and P-Rep on 23 June.

6.3.1.4. The intent to conclude this exercise in the coming weeks for submission to DfT and wider Government.

6.4 The Board received an update of the process and work conducted to date, including a summary and context of the timing and factors which have occurred over the last 12 months. During this time, Management have produced the Phase 1 Cost Remediation Plan and have since been reporting to the Board and DfT in order to produce a robust reporting range.

6.5 Internal and external factors are required to be reported on and there needs to be alignment with the fiscal settlement. Additional complexity remains, as per previous Board observations, of the agreement needed to report in current pricing.

6.6 It was agreed that the full range of options should be transparently reported to the DfT together with a credible range.

6.7 The Board were reminded that the data date for Baseline (BL) 7.1 is August 2019.

6.8 Management confirmed that the exclusions to the [REDACTED] will be the fiscal settlement and inflation.

6.9 A robust discussion was held with regard to the latest range positions and detailed actions were taken away by Management in order to return to the July Board meeting.

6.10 It was agreed that a discussion on consents would be tabled to a future Environmental Sustainability Committee.

Action: Company Secretariat for scheduling

6.11 The Board were supportive of the level of work and thanked the teams involved.

6.12 The Board noted the updates.

6.13 The Cost and Estimating Director left the meeting.

7 Programme Update: Civils Quarterly Review (HS2B_23-039)

7.1 The Delivery Director for Civils, Delivery Services Director for Civils and Commercial Delivery Director for Civils and Services joined the meeting.

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

7.3 The following key points were raised and noted:

7.3.1 The Board received a verbal update on the recent safety incident and ongoing investigation.

7.3.2 The Board discussed a recent [REDACTED]
[REDACTED]. **It was agreed that a summary would be taken to the Health and Safety Review and onto the Health Safety and Security Committee.**

Action: Company Secretariat for scheduling

7.3.3 The Board noted the key points summarised with May data.

7.3.4 The Board noted the challenge on consents. Management summarised the view of the high priorities and explained that the critical numbers will increase unless there is intervention. There is a weekly meeting on this and there has been improvement seen.

7.3.5 Management confirmed that intervention is being made on schedule 17 consents.

7.3.6 The Board discussed the requirement for more of a strategic relationship with the Environment Agency and the opportunity to engage with the incoming CEO there, with some case studies to demonstrate responsibilities.

7.3.7 The Board discussed performance on quants, with Management advising that performance to date has been impacted by weather conditions. Despite this, confidence in productivity at year end is not in doubt, consents will remain a key area of focus. Management advised that there are derisk activities happening e.g., manufacture of viaducts offsite which is not captured in the MI.

7.3.8 The Board discussed the [REDACTED]
[REDACTED].

7.3.9 The Board noted [REDACTED]

7.3.10 It was noted that [REDACTED]

7.4 The Board thanked Management for the good level of detail provided to support the discussions.

7.5 The Delivery Director for Civils, Delivery Services Director for Civils and Commercial Delivery Director for Civils and Services left the meeting.

8 [REDACTED] (HS2B_23-040)

8.1 The Delivery Director for Stations and Systems and Euston Area Director joined the meeting.

8.2 The Board received and noted the [REDACTED] paper, as included within the meeting pack.

8.3 The Board were asked to:

8.3.1 [REDACTED]

8.3.2 [REDACTED]

8.3.3 Note that the Department have instigated a [REDACTED]

8.4 The following key points were raised and noted:

8.4.1 The Board observed that the materials for this matter were extensive, understanding that the intent was to provide maximum transparency and that briefings could be offered outside of the Board meeting if required.

8.4.2 The Board noted contributory issues such as estimating uncertainty, which was applied to design, a narrow range of cost outcomes, a short study, optimism bias on savings and significant changes in the 2 year period.

8.4.3 The Board held a discussion on what is affordable noting that the lower end of the range was not the view of HS2 Ltd and requested that the intrinsic cost be made clear.

Action: Chris Rayner

8.4.4 The Board requested that together with the view of the affordable position, there should be a position for what could be delivered for the current range together with the drawbacks, consequences, and regret risks.

Action: Chris Rayner

8.4.5 The Board noted the role of the DfT during discussions and guiding mind for the involved Stakeholders.

8.4.6 The February Board paper would be shared with new NEDs to provide context.

Action: Non Owen

8.4.7 The Board noted that the trains per hour (tph) requirement is driven by the West Coast Partner (WCP) with all options required to future proof the core railway at 17tph, however this hasn't yet been defined further.

8.4.8 The Board requested presentation of materials be changed to report on scope and requirements before budgeting.

8.4.9 The appendices should be referenced as a supporting set of documentation.

8.4.10 The Board requested strengthening of the paper to reflect the discussion held and another version of the root cause analysis, delegating the review to Elaine Holt, who would also liaise with Keith Smithson and Joanna Davinson prior to submission to the DfT.

Action: Chris Rayner

8.4.11 The Board expressed thanks to Management for the work involved and echoed that the findings from the Oakervee report should have been instructed.

8.5 The Delivery Director for Stations and Systems and Euston Area Director left the meeting.

9 2023 - 2026 Corporate Plan: Final Approval (HS2B_23-042)

9.1 The Director for Communications and Stakeholder Management introduced the 2023 - 2026 Corporate Plan for Final Approval.

9.2 The Board were asked to:

9.2.1 Approve the 2023 - 2026 Corporate Plan.

9.2.2 Note the next steps, including publication.

9.3 The following key points were raised and noted:

9.3.1 The Board noted that the Business plan is an internal document.

9.3.2 Noting the length of the Corporate Plan, Management advised that the Construction Review document will be a shorter, campaign style document.

9.3.3 The Board approved the Corporate Plan and noted the next steps, requesting that any material changes be reported back to the Board for note.

9.3.4 The Board commended the work of the team in the production of the document.

9.4 The Director for Communications and Stakeholder Management left the meeting.

10 Report from Report from Audit and Risk Assurance Committee 19 June 2023, including the ARAC Chair Annual Opinion (HS2B_23-043)

- 10.1 The Board noted the report from the Audit and Risk Assurance Committee meeting of 19 June 2023 and the ARAC Chair Annual Opinion report summarising Committee activity over the year as included in the meeting pack.
- 10.2 The following key points were raised and noted:
 - 10.2.1 Strong focus on Financial Year end activity and a high volume of work to conclude this.
 - 10.2.2 The Board noted that a new team from the National Audit Office (NAO) had run the process to inform the annual opinion and reviewed the treatment/ interpretation of some standards which has been worked through and provided opportunity for upskilling.
 - 10.2.3 Approval which has been received on the write off of the National College for Advanced Transport and Infrastructure (NCATI) loan and will be included in the ARA.
 - 10.2.4 The Board noted the rest of the content covered at the ARAC and that risk metrics and risk management will return to the next ARAC meeting.
- 10.3 The Board noted the update.

11 Annual Report and Accounts 2022/23: Approval (HS2B_23-044)

- 11.1 The Interim Head of CFO Office Special Projects joined the meeting.
- 11.2 The Board received and noted the near-final version of the Annual Report and Accounts (ARA) 2022/23, as included in the meeting pack.
- 11.3 The Board:
 - 11.3.1 Approved the 'near-final' version of the ARA document for CEO signature and publication.
 - 11.3.2 Noted the NAO Completion Report.
 - 11.3.3 Approved delegation to the CEO to sign-off any minor amendments following the Board's approval (e.g., any comments from Ministers).
- 11.4 The Interim Head of CFO Office Special Projects left the meeting.

12 Report from Extraordinary Sub-Committee: Curzon Street 20 June 2023 (HS2B_23-045)

- 12.1 The Board received and noted the Report from the Extraordinary Sub-Committee (the Committee) held on 20 June 2023.
- 12.2 The Board received the report as read and the Chair of the Committee provided a verbal update on the key matters raised during the course of the meeting, including:
 - 12.2.1 That whilst there is agreement that there was no alternative option than to progress, there should be follow up work (but not a condition) to approve the stage 2 notice and this will be led by the CCO.
 - 12.2.2 The Board requested that any material change in the position between now and the next Board be escalated.
- 12.3 The Board noted the update.

13 Forward Look, AOB and Close/Meeting float (HS2B_23-031)

- 13.1 The Board reviewed the Forward Look paper, as included in the meeting pack, and noted the items scheduled for discussion at future meetings.
- 13.2 There were no other items of business raised for discussion and the meeting was closed.