

Meeting minutes

HS2 Ltd Board

Meeting date Tuesday, 25 July 2023

Meeting location The Podium, London

Meeting time 12:00-17:30

Members	Attendees	Apologies
Jon Thompson Chair	██████████ (items 5 and 7) Programme Management Office Director	Judith Hackitt Non-Executive Director
Joanna Davinson Non-Executive Director	██████████ (items 6 and 7) Finance Director	Ian King Non-Executive Director
Alan Foster Chief Financial Officer	██████████ Advisor to the Board	
Tom Harris Non-Executive Director	Alan Over (item 3) DfT Senior Responsible Officer (SRO)	
Elaine Holt Non-Executive Director	Non Owen Company Secretary	
Stephen Hughes Non-Executive Director	Chris Rayner (items 11 and 12) Delivery Director - Stations and Systems	
Keith Smithson Non-Executive Director	██████████ (item 8) Delivery Services Director	
Mark Thurston Chief Executive Officer	██████████ (item 7) Cost and Estimating Director	
Ruth Todd Chief Commercial Officer	██████████ (item 8) 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 The Chief Executive Officer declared an interest for an appointment to begin on 01 August 2023 as Lay Member of the Council of Loughborough University. It was confirmed that there was no conflict to be managed for this appointment.
- 1.3 The Board received a values moment from the Company Secretary on leadership.

2 Minutes of the Previous Meeting and Matters Arising (HS2B_23-047 and HS2B_23-048)

- 2.1 The minutes of the meeting held on 28 June 2023 were approved as an accurate record.
- 2.2 The Board noted the status of the actions.
- 2.3 The Board received a verbal update on Euston and noted that continued review and engagement with the Department for Transport (DfT) will be required.

3 DfT SRO Update (HS2B_23-049)

- 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:

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

- 3.4 The Board asked the DfT SRO for a view on the Euston position noting that progress is being seen to understand the principle cost drivers and what a Minimal Viable Product (MVP) could be.

3.5 It was noted that engagement continues with Treasury on options and appetite for an integrated and/ or private financing approach to Euston.

3.6 It was agreed that the HS2 Euston team would hold a session with [REDACTED] and Tom Harris in order to brief on the options which are being considered for Euston.

Action: Chris Rayner

3.7 The Board noted the updates.

3.8 The DfT SRO left the meeting.

4 Chair/ Board Updates (HS2B_23-050)

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

- 4.1.1 The announcement of the CEO resignation and the transition into the Executive Chair role.
- 4.1.2 Work on the [REDACTED] recognising that this is taking a lot of Executive time and effort.
- 4.1.3 A positive site visit to West Ruislip with a strong sense of the commitment to safety.
- 4.1.4 Various meetings including with the Permanent Secretary of the Department for Environment Food and Rural Affairs (Defra) to discuss biodiversity measurements. It was noted that this will come as a matter for the Environmental Sustainability Committee to consider in August 2023.

4.2 The Board noted the updates.

5 CEO Summary and Quarterly Business Review (HS2B_23-051)

5.1 The Programme Management Office Director joined the meeting.

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

- 5.2.1 Recent media coverage.
- 5.2.2 A verbal update on a health and safety incident.
- 5.2.3 Work commissioned on the Phase 2b Delivery Strategy to inform the Outline Business Case (OBC) to the DfT.
- 5.2.4 The organisational response to the CEO announcement and the plan for transition through September.
- 5.2.5 The Board noted the annex provided, summarising the hopper and sift process which has been carried out. The Board noted that this will be used to support correspondence between HS2 and the DfT for options of**

consideration. It was agreed that a copy of the correspondence will be shared with the Board.

Action: Mark Thurston

5.2.6 The Board discussed the opportunities and requested that there be suitable narrative to inform the final position.

5.2.7 The Board queried the plan on the revised approach to the Baselines and requested an update at a future Board meeting.

Action: Alan Foster

5.3 The Board noted the Management Information and CEO summary providing an overview of the Quarterly Business Review and performance in the period.

5.4 The following key points were raised and noted:

5.4.1 A summary of the Civils production and areas of challenges under review including design, engagement over consents and approvals and concrete quality.

5.4.2 The Board noted the red, amber, green (RAG) rating applied to enterprise spend and the rationale for this.

5.4.3 The Board discussed the Q1 forecast and in year position.

5.4.4 Discussion on the Health and Safety Performance Indicator (HSPI) for Land and Property noting that these have been recently introduced to the portfolio in full and so there is some lag.

5.4.5 The Board were advised that the [REDACTED]

5.4.6 The Board noted [REDACTED]

5.4.7 [REDACTED]

5.4.8 The Board queried the [REDACTED]

5.4.9 The Board received an update on a proposed transfer of work and asked to be kept informed of progress.

5.4.10 It was agreed that a more detailed overview of Configuration State C would be provided as part of the next QBR update.

Action: Alan Foster

5.4.11 The Board discussed the [REDACTED] Management reiterated the role of the Board to advise of readiness to award contracts versus the role of the DfT.

5.4.12 The Board requested visibility of the assumptions for Phase 2a and how it would be remobilised. It was agreed to bring this to a future Board meeting.

Action: [REDACTED]

5.4.13 The Board queried the land strategy noting continuation due to the expiration of powers.

5.4.14 The Board noted that the cost Key Performance Indicator (KPI) will report as red due to no adjustment made on the target cost.

5.5 The Board noted the updates.

5.6 The Programme Management Office Director left the meeting.

6 Fiscal Settlement and Q1 Forecast (HS2B_23-052)

6.1 The Finance Director joined the meeting.

6.2 The Chief Financial Officer introduced the Fiscal Settlement and Q1 Forecast paper, as included within the meeting papers.

6.3 The Board were asked to note the Q1 forecast insights of performance against the full year position for 23/24 and 24/25 which will be monitored closely through the monthly performance review cycle.

6.4 The following key points were raised and noted:

6.4.1 That the information presented to the Board was the collective opinion of the Executive Committee and at the time of reporting there was no need to review scope of deliverables at Q1, however there will be continued focus on the year end position at Management level.

6.4.2 The Board noted the financial year (FY) summaries and the Management overlays which have been applied.

6.4.3 [REDACTED]

6.4.4 [REDACTED]

6.4.5 The Board discussed that the reimbursement is based on the spend of contractors and the position between index and actual expenditure.

6.4.6 The Board queried the level of overlay and confidence in the same. Management advised that the overlay is a central judgement but with awareness that this needs to be achieved.

6.4.7 The Board noted the cumulative position for both years.

- 6.4.8 [REDACTED]
- 6.4.9 The Board noted dialogue between the HS2 CFO and CFOs in the supply chain.
- 6.4.10 The Board queried the level of confidence of fair pricing, with Management advising that benchmarking and controls to sign off are applied.
- 6.4.11 The Board requested that future iterations show the application of the uncertainty reserve to the line items or how the adjustments have been made to each line and then show residual inflation assumptions and management challenge/ overlay.

6.5 The Board:

- 6.5.1 Noted the Q1 forecast insights of performance against the full year position for 23/24 and 24/25 which will be monitored closely through the monthly performance review cycle and endorsed this onto the DfT.

6.6 The Board noted the updates.

7 Phase One [REDACTED] (HS2B_23-053)

- 7.1 The Programme Management Office Director and Cost and Estimating Director joined the meeting.
- 7.2 The Chief Financial Officer introduced the [REDACTED] and Phase One Overview, as included within the meeting pack.
- 7.3 The Board were asked to:
 - 7.3.1 Note the current [REDACTED] and associated 'low - high' range.
 - 7.3.2 [REDACTED]
 - 7.3.3 Endorse the [REDACTED] for onward communication to DfT and inclusion in MI reporting.
 - 7.3.4 [REDACTED]
- 7.4 The following key points were raised and noted:
 - 7.4.1 The Board received an overview and context of the work to date and the commendation of the Senior Leaders involved in the work.
 - 7.4.2 Management summarised the evolving position has been worked through closely with the DfT and Project Representation (P-Rep) and [REDACTED]

- 7.4.3 The Board noted [REDACTED]
[REDACTED]
[REDACTED]
- 7.4.4 The Board noted that the current iteration of the [REDACTED]
[REDACTED].
- 7.4.5 [REDACTED]
[REDACTED]
[REDACTED].
- 7.4.6 [REDACTED]
[REDACTED]
[REDACTED]
- 7.4.7 The Board noted the view of the [REDACTED]
- 7.4.8 The Board noted [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
- 7.4.9 The Board noted [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
- 7.4.10 The Board noted [REDACTED]
[REDACTED]
- 7.4.11 The Board discussed the level of confidence to deliver all of the [REDACTED]
[REDACTED]
[REDACTED]
- 7.4.12 The Board discussed the need to be prepared to have a differing view of the [REDACTED]
- 7.4.13 Management confirmed that the action plan, including how this will be tracked together with capacity and capability, will be included in the next iteration. This will also include the supporting narrative.
- 7.4.14 The Board requested more clarity on risk in the next iteration.
- 7.4.15 The Board agreed that time would be scheduled for future NED engagement on this matter prior to approval being sought at the September Board meeting.**

Action: Company Secretariat for scheduling

- 7.5 The Programme Management Office Director, Finance Director and Cost and Estimating Director left the meeting.

8 Main Works Civils Investment Authority and Contingency Allocation (HS2B_23-054)

- 8.1 The Delivery Director for Civils and Delivery Services Director for Civils joined the meeting.
- 8.2 The Board received and noted the Main Works Civils Investment Authority and Contingency Allocation 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 [Redacted]

8.4 The following key points were raised and noted:

- 8.4.1 Board noted that the DfT are supportive of the paper.
- 8.4.2 The Board [Redacted]

8.5 The Board:

- 8.5.1 [Redacted]
- 8.5.2 [Redacted]
- 8.5.3 [Redacted]

8.6 The Delivery Director for Civils and Delivery Services Director for Civils left the meeting.

9 Report from Remuneration Committee 04 July 2023 (HS2B_23-055)

- 9.1 The Board noted the report from the Remuneration Committee meeting of 04 July 2023, as included in the meeting pack.
- 9.2 The following key points were raised and noted by the Committee Chair:

- 9.2.1 A summary of the process for the CEO recruitment [REDACTED]
- 9.2.2 The Committee has received a deep dive conducted on attrition of graduates and apprentices to review whether this was a systemic issue and following benchmarking this has been found not to be the case. The review has also highlighted that graduates and apprentices fall within the HR workforce numbers so this needs to be separated to show the delineation between the core service of HR.
- 9.2.3 The Board discussed the Senior Roles list [REDACTED].

9.3 The Board noted the update.

10 Report from Commercial and Investment Committee 21 July 2023 (HS2B_23-056)

- 10.1 The Board noted the report from the Commercial and Investment Committee meeting of 21 July 2023, as included in the meeting pack.
- 10.2 The Board noted that items 11 and 12 on the agenda had been considered by the Committee and the Committee Chair would highlight key points of discussion at each item.
- 10.3 The Committee had additionally considered an update on the [REDACTED]
- 10.4 The Board noted the update.

11 [REDACTED] (HS2B_23-057)

- 11.1 The Delivery Director for Stations and Systems joined the meeting.
- 11.2 The Board received the [REDACTED] paper, as included in the meeting pack.
- 11.3 The Board were asked to:
 - 11.3.1 Endorse the [REDACTED] and the principles documented within it.
 - 11.3.2 [REDACTED]
 - 11.3.3 [REDACTED]
 - 11.3.4 [REDACTED]

11.4 The Chair of the Commercial and Investment Committee (CIC) summarised the discussion of the CIC:

11.4.1 The request was for a [REDACTED]
[REDACTED]
[REDACTED]

11.4.2 The Committee Chair highlighted that as this was the [REDACTED] this is in early stage and so not all aspects are final.

11.4.3 [REDACTED]
[REDACTED]

11.4.4 The Committee observed that the total value for OJEU seemed high and so suggested a corporate objective for speed to get the land back off the balance sheets and challenged on what the maximum spend is. Management advised that HS2 is governed by legislation on disposal of the land but this is an area of review.

11.4.5 The Committee noted [REDACTED]
[REDACTED]
[REDACTED]

11.4.6 [REDACTED]
[REDACTED]

11.4.7 The Board noted that the DfT are supportive of the paper.

11.5 The Board:

11.5.1 [REDACTED]
[REDACTED]

11.5.2 [REDACTED]
[REDACTED]

11.5.3 [REDACTED]
[REDACTED]

12

[REDACTED]
[REDACTED] (HS2B_23-058)

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

12.2 The Board were asked to:

12.2.1 Note the content of the [REDACTED]

12.2.2 [REDACTED]

12.2.3

[REDACTED]

12.3 The Chair of the CIC summarised the discussion held at the meeting:

12.3.1 During the course of the meeting, it was clear that there is no alternative but approval of the paper however the Committee held a discussion with regard to the customer experience as a result of the decision.

12.3.2 The Board noted [REDACTED]

12.3.3 The Board noted that the DfT are supportive of the paper.

12.4 The Board:

12.4.1 Noted the content of the [REDACTED]

12.4.2 [REDACTED].

12.4.3 [REDACTED]

12.5 The Delivery Director for Stations and Systems left the meeting.

13 Forward Look, AOB and Close/Meeting float (HS2B_23-059)

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 The Board queried whether there was an intervention required with a contractor with Management advising that the CEO is ready for intervention in the first instance.

13.3 It was agreed that a Finance and Performance Sub-Committee to the Board will be established.

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