

# Meeting minutes

## HS2 Ltd Board

<b>Meeting date</b>	Wednesday, 25 October 2023
<b>Meeting location</b>	The Podium, London
<b>Meeting time</b>	09:00-13:30

Members	Attendees	Apologies
Jon Thompson Executive Chair	[REDACTED] Risk Director	Ruth Todd Chief Commercial Officer
Joanna Davinson Non-Executive Director	[REDACTED] (item 4) Business Finance Director	
Alan Foster Chief Financial Officer	Bernadette Kelly (closed session) DfT Permanent Secretary	
Judith Hackitt (MS Teams) Non-Executive Director	[REDACTED] (item 4) Planning and Integration Director	
Tom Harris (partial attendance) Non-Executive Director	[REDACTED] (item 4) Programme Management Office Director	
Elaine Holt Non-Executive Director	[REDACTED] (item 4) Finance Director	
Stephen Hughes Non-Executive Director	[REDACTED] Advisor to the Board	
Ian King Non-Executive Director	Alan Over (closed session) DfT Senior Responsible Officer (SRO)	
Nelson Ogunshakin Non-Executive Director	Non Owen Company Secretary	
Keith Smithson Non-Executive Director	[REDACTED] (item 4) Cost and Estimating Director	
	David Speight (item 6) Delivery Director - Civils	

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

- 1.1 The Chair welcomed members and attendees to the meeting.
- 1.2 The Board formally welcomed Dr Nelson Ogunshakin to the Board, noting this as his first meeting. The Board noted a declaration which will be added to the Register of business interests and managed accordingly.
- 1.3 Due to the involvement of the Executive Chair in Management matters during the period, it was agreed that the Deputy Chair would Chair the proceedings of the day.

- 1.4 The Board received a values moment from Elaine Holt with regard to leadership in times of uncertainty.

## **2 Minutes of the Previous Meeting and Matters Arising (HS2B\_23-076 and HS2B\_23-077)**

- 2.1 The minutes of the meeting held on 27 September 2023 were approved as an accurate record.
- 2.2 The Board noted the status of the actions.

## **3 Executive Chair Updates (HS2B\_23-079)**

- 3.1 The Board received an update from the Executive Chair, summarising engagement during the period.
- 3.2 **The Board held a discussion with regard to the recent media coverage, including historic allegations raised around whistleblowing. The Board agreed to delegate a review of the matter to the Audit and Risk Assurance Committee (ARAC) who will report back to the Board.**

**Action: ARAC**

- 3.3 The Board went on to discuss the Executive Chair report, with the following key points raised and noted:
  - 3.3.1 The Board noted the extensive Stakeholder engagement of the Executive Chair and Director of External Communications up to PM announcement, noting that some of this will continue.
  - 3.3.2 The Board discussed the tension between providing factual information on the implications of the reset following the announcement and the responsibility of representing Government.
  - 3.3.3 The Board discussed the Supply Chain engagement which has followed, noting that the announcement will introduce behavioural challenges due to future order book implications.
  - 3.3.4 The Board noted the increased complexity introduced for the delivery of Euston.
  - 3.3.5 The Board noted the cost position including underspend in the period but that clarity was required from the DfT on whether there will be a change to the Fiscal Settlement position following the announcement.
  - 3.3.6 The Board received a verbal update on Health and Safety incidents.
- 3.4 The Board noted the updates.

## 4 Performance Review (HS2B\_23-080)

- 4.1 The Chief Financial Officer introduced the Quarterly Business Review and Q2 Financial Update, as included within the meeting papers.
- 4.2 The following key points were raised and noted:
- 4.2.1 The Board noted the summary of performance in the period.
  - 4.2.2 [REDACTED]
  - 4.2.3 The Board requested [REDACTED]  
[REDACTED] S.
  - 4.2.5 [REDACTED]
  - 4.2.6 The Advisor to the Board provided a summary of engagement with the private finance workstream.
  - 4.2.7 The Board noted the Key Performance Indicator (KPI) performance in the period and that an updated position will need to be incorporated in the reset programme, which the Board had been briefed on the previous day.
  - 4.2.8 The position of the KPIs is linked to incentives and will need to be taken through the Remuneration Committee at the appropriate time.
  - 4.2.9 The Board noted the decision to be determined to adjust the KPIs in year or reset at the end of the Financial Year.
  - 4.2.10 It was agreed that a briefing would be arranged with the newest Board Member to appraise on activity to date on cost recovery plans.
  - 4.2.11 It was agreed that Non-Executive Directors (NEDs) would be offered a briefing on the Health and Safety Performance Indicator (HSPI) metrics.**  
**Action: Emma Head**
  - 4.2.12 A copy of the recent five year Health and Safety report will be shared with NEDs.**  
**Action: Non Owen**
  - 4.2.13 The Board went on to discuss schedule performance in the period querying any implication from the announcement to the Configuration State C schedule. Management advised that there was more detail to work through but that there is not a material impact anticipated.
  - 4.2.14 The Board noted that should there be a requirement to review Rolling Stock that this would potentially lead to schedule implication.

4.2.15 The Board noted that at the time of reporting, [REDACTED]  
[REDACTED]  
[REDACTED].

**4.2.16 The Board requested a future briefing on System Integration and Dynamic Testing.**

**Action: Chris Rayner**

4.2.17 The Board noted that [REDACTED]  
[REDACTED].

4.2.18 The Board noted that Configuration State D has been impacted by the Fiscal Settlement and further complications have been introduced following the announcement.

4.2.19 The Committee noted the schedule float erosion in the period and key schedule threats.

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

4.2.21 The Board noted that the Environmental Sustainability Committee would be conducting a deep dive on design and consents.

4.2.22 The Board noted the Civils Earned Volumetrics and requested a review of the colour coding applied to SPI.

4.2.23 The Board queried and discussed the level of confidence in the data being received from the supply chain.

4.2.24 The Board discussed the implication of the Fiscal Settlement, [REDACTED]  
[REDACTED]  
[REDACTED].

4.2.25 The Board went on to discuss cost performance in the period noting a significant amount of work on the in year performance to ensure controls are in place to spend the right quantum. Improvement is required however on productivity of the supply chain.

4.2.26 The Board noted that guidance is required on any implication of the announcement to the Fiscal Settlement.

4.2.27 The Board noted that the data presented was pre announcement.

4.2.28 The Board requested simplification of the language which should state overspend and underspend rather than overlay.

4.2.29 The Board noted that the forecast for Phase 2a and Phase 2b will need to be reviewed in line with the reset programme.

4.2.30 The Board discussed [REDACTED]  
[REDACTED].

4.2.31

[REDACTED]

**Action: Alan Foster**

4.2.32 The Board discussed the [REDACTED] noting that this is a Management overlay to the submissions from the supply chain, which has proven effective, but has been utilised more quickly than anticipated.

4.2.33 The Board went on to discuss the risk update and Quantitative Cost Risk Assessment (QCRA) which has been updated to reflect [REDACTED]

4.2.34 The Board noted that despite the removal of scope for Euston, [REDACTED]

4.2.35 The Board noted that the risk allocation has reduced in the period due to realisation.

4.2.36 It was agreed that the ARAC Chair would meet with the Director of Risk prior to the next Committee meeting to discuss the risk position.

4.2.37 The Board requested a review of the presentation of colour coding of risks, suggesting alignment to the RAG approach showing quality/ confidence in the assessment.

4.2.38 The Board requested visibility of how risks are mitigated and closed.

4.3 The Board commended the work of Management to present the performance review in a revised format and thanked those involved in the work for their effort to do so.

4.4 It was noted that the work will continue to be progressed and presentation of Management Information for the purposes of the Finance and Performance Committee will be reviewed.

4.5 The Board noted the updates.

## **5 Report from Commercial and Investment Committee 12 October 2023 (HS2B\_23-081)**

5.1 The Board noted the report from the Commercial and Investment Committee meeting of 12 October 2023, as included in the meeting pack.

5.2 The Board noted that the following item on the agenda had been considered by the Committee.

5.3 In addition, the Committee had considered a Package Procurement Plan for On Track Machines which was not recommended as approvable by the HS2 Ltd Board. The Committee requested a delegation to a future Committee meeting on behalf of the HS2 Ltd Board in order to alleviate time pressure for the Management team to have this decision continue into DfT governance.

5.4 The Committee also reviewed the initial approach to 2024 delivery strategy for the MWCCs noting that this will return through formal governance, including the HS2 Ltd Board in the future.

5.5 The Board noted the update.

**6** [REDACTED]  
[REDACTED] (HS2B\_23-082)

6.1 The Board received and noted the [REDACTED]  
[REDACTED] as included in the meeting pack.

6.2 The Board were asked to:

6.2.1 [REDACTED]  
[REDACTED]  
[REDACTED].

6.2.2 [REDACTED]  
[REDACTED]  
[REDACTED].

6.2.3 [REDACTED]  
[REDACTED]  
[REDACTED].

6.2.4 [REDACTED]  
[REDACTED]  
[REDACTED].

6.2.5 Note that the increases in Investment Authority require subsequent DfT approval, as they exceed HS2 Ltd's change delegations under the HS2 Development Agreement.

6.3 A point raised at the CIC was reiterated that whilst the [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED].

6.4 [REDACTED]  
[REDACTED]  
[REDACTED] The Committee and Management agree that a more holistic position/ strategy on contingency is required including engagement with the DfT. The HS2 Ltd Board will be updated on this position at a future meeting.

6.5 Notwithstanding the above discussion, the HS2 Ltd Board:

- 6.5.1 [REDACTED]
- 6.5.2 [REDACTED]
- 6.5.3 [REDACTED]
- 6.5.4 [REDACTED]
- 6.5.5 Noted that the increases in Investment Authority require subsequent DfT approval, as they exceed HS2 Ltd change delegations under the HS2 Development Agreement.

## **7 Report from Remuneration Committee 12 October 2023 (HS2B\_23-083)**

- 7.1 The Board noted the report from the Remuneration Committee of 12 October 2023, as included in the meeting pack.
- 7.2 The following key points were raised and noted by the Committee Chair:
- 7.2.1 The Committee had received an update on the categorisation of the different workforce types which has taken place in order to have consistency of the workforce areas and produce a baseline to work from. This is seen as helpful in particular as the organisation reacts to the PM announcement. The Committee commended Management for their work in this area.
  - 7.2.2 The Committee reiterated the unacceptable position for overspend in the period on workforce (caused by use of more contingent labour than planned) and will continue to monitor this.
  - 7.2.3 A review of the Senior Role pipeline and business cases requiring sign off was conducted in the meeting. There is a future requirement to consider the renegotiation of the Remuneration Annex.
  - 7.2.4 The Committee has further considered the talent and succession planning pipeline.
  - 7.2.5 CEO recruitment progress.
  - 7.2.6 Future consideration to be given to organisational capability given the announcement and the balance between use of contractors and skills required.
- 7.3 The Board noted the update.

## **8 Forward Look, AOB and Close (HS2B\_23-075)**

- 8.1 The Board noted the forward look.
- 8.2 The Board noted the need for an extraordinary Remuneration Committee and due to diary restraints of a Committee Member, agreed to temporarily delegate Membership to an alternative Non-Executive Director for the purposes of quorum.
- 8.3 Following the meeting a closed session was held with the Board and the DfT with attendance from the DfT Permanent Secretary and DfT Senior Responsible Officer.