

Meeting minutes

HS2 Ltd Board

Meeting date	Wednesday, 26 June 2024
Meeting location	The Podium, London
Meeting time	09:00-15:00

Members	Attendees	Apologies
Elaine Holt (Chair) Non-Executive Director	██████████ (item 7) CFO Business Manager	Tom Harris Non-Executive Director
Joanna Davinson Non-Executive Director	██████████ (item 6) Externals Affairs Director	Nelson Ogunshakin Non-Executive Director
Alan Foster Chief Financial Officer	Emma Head Chief Railway Officer	
David Goldstone Non-Executive Director	Jon Mason (item 9) Commercial delivery Director - Civils and Services	
Stephen Hughes Non-Executive Director	██████████ Advisor to the Board	
Ian King Non-Executive Director	██████████ (item 7) Head of CFO Office Special Projects	
Keith Smithson Non-Executive Director	Alan Over (item 3) DfT Senior Responsible Officer (SRO)	
Jon Thompson Executive Chair	Non Owen Company Secretary	
	Jackie Roe (item 9) Civils Delivery Director	
	██████████ General Counsel	

1 Welcome, Quorum, Declarations of Interest and Values Moment

- 1.1 The Deputy Chair welcomed members and attendees to the meeting.
- 1.2 Due to Jon Thompson continuing to fulfil obligations as Executive Chair, it was agreed that the Deputy Chair would Chair the proceedings of the day.
- 1.3 The Board noted that apologies for the meeting had been received from Tom Harris and Nelson Ogunshakin.
- 1.4 The Board formally welcomed David Goldstone to the Board following his appointment as Non-Executive Director as at 01 June 2024.

- 1.5 The Board welcomed [REDACTED], General Counsel back to the Board meeting as an Observer [REDACTED].
- 1.6 The Board noted that the Chief Railway Officer would be appointed as an Executive Board Member as at 01 July 2024.
- 1.7 No new/additional conflicts of interest were declared.
- 1.8 The Board received a values moment from the General Counsel regarding leadership and the positive experience [REDACTED]. It was agreed that a review of arrangements would be conducted to ensure those off work are kept informed of Organisational Change.

Action: Shira Johnson

2 DfT SRO Update

- 2.1 The Department for Transport (DfT) Senior Responsible Officer (SRO) joined the meeting.
- 2.2 The Board received a verbal update on DfT activity / focus during the period, including:
 - 2.2.1 Progress to mitigate an attempted injunction against HS2 Ltd to prevent earthworks [REDACTED].
 - 2.2.2 Continuation to finalise the latest National Audit Office (NAO) review. The outcome of the review is seen as balanced however there remains a difference of position between HS2 Ltd and the DfT on the Phase 1 Estimate at Completion (EAC) and the work to resolve this should not be underestimated.
 - 2.2.3 The Board noted that whilst the independent review to the [REDACTED]
[REDACTED]
[REDACTED].
 - 2.2.4 Narrative will be required to brief Government [REDACTED]
[REDACTED].
 - 2.2.5 The Board agreed that a convergence strategy would be required and that Bottom up Forecasting and assurance would help to progress this. Whilst the DfT SRO was in agreement with this, it was noted that [REDACTED]
[REDACTED].
 - 2.2.6 The Board discussed the potential for a change to the [REDACTED]
[REDACTED]
[REDACTED].
 - 2.2.7 The DfT SRO outlined wide ranging proposals for future Government for transportation requirements to support economic growth including options for more stability for spend profile. [REDACTED]
[REDACTED]. Scenario planning will continue to support this work.

- 2.2.8 The Board noted that there will be a level of education required for stakeholders dependant on incoming Government appointments. Capacity of Ministers will also need to be factored in to the timing of engagement.
 - 2.2.9 Lessons from HS2 Ltd and what would be repeated should also be shared to inform the wider reform of infrastructure.
 - 2.2.10 Ranges of cost will continue to be used to support discussions with incoming Government.
 - 2.2.11 The DfT SRO confirmed that key decisions required sooner rather than later are known and will be communicated to Government. The Board requested that delays to recruitment and senior pay thresholds are included in this, but accept that this is historically politically difficult.
- 2.3 The Board noted the updates.
- 2.4 The Department for Transport (DfT) Senior Responsible Officer (SRO) left the meeting.

3 Minutes of the Previous Meeting and Matters Arising (HS2B_24-027 and HS2B_24-028)

- 3.1 The minutes of the meeting held on 22 May 2024 were approved as an accurate record of the meeting.
- 3.2 The Board noted the status of the actions.

4 Executive Chair Summary – June 2024 (HS2B_24-029)

- 4.1 The Board received and noted the Executive Chair Summary for June 2024, as included within the meeting pack.
- 4.2 The following key points were raised and noted:
 - 4.2.1 **The Chief Railway Officer (CRO) provided a verbal update with regard to the progress of scope studies and the Board noted that advice has now been submitted, with response awaited from the DfT and incoming Ministers. The latest update would be shared following the Board meeting.**

Action: Non Owen

- 4.2.2 The Board noted that a further request has been received to provide advice on [REDACTED]

- 4.2.3 **It was agreed that the conclusion(s) of the scope studies would be tabled to a future Board meeting at the appropriate time.**

Action: Emma Head

- 4.2.4 The Board noted that additional requests have also been made but reports on original studies have been delivered to the DfT on time.

- 4.2.5 The Board noted the annex to the paper [REDACTED]
[REDACTED]
[REDACTED]
- 4.2.6 The Board discussed the addition of people implications from the Remuneration Annex being added to this list versus being kept as part of the requirement to revise the Development Agreement.
- 4.2.7 The Board discussed the status of the previously mentioned NAO review, with changes requested from HS2 Ltd to reflect the [REDACTED]
[REDACTED]
[REDACTED]
- 4.2.8 It was noted that the NAO review does not include an opinion on the differing position of the Phase 1 EAC between HS2 Ltd and the DfT.
- 4.2.9 The Board noted the update provided from the Strategic Change Co-ordination Office following the previous update to the Organisational Design work and activity more broadly in the business.
- 4.2.10 The Board noted the verbal update on the timings for the incoming CEO and activity to support this.

4.3 The Board noted the updates.

5 Phase One Cost Associated Activities Update – June Board (HS2B_24-030)

- 5.1 The Board received and noted the Phase One Cost Associated Activities Update as included within the meeting pack.
- 5.2 The HS2 Ltd Board were asked to:
 - 5.2.1 [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
 - 5.2.2 [REDACTED]
[REDACTED]
- 5.3 The following key points were raised and noted:
 - 5.3.1 Following the discussion which was held at the Finance and Performance Committee the previous day, the Board summarised the remaining areas of focus for the EAC prior to being able to endorse the same, including:

[REDACTED]
[REDACTED]
[REDACTED]

- [REDACTED]
- 5.3.2 Management acknowledge the need to further improve the information from the Main Works Civils Contracts (MWCCs) to support this work and advised that a low and high range view together with risk and efficiencies would be provided to the Board. The Board were advised that [REDACTED]
- 5.3.3 The Board discussed [REDACTED]
- 5.3.4 Management advised that [REDACTED]
- 5.3.5 Management advised that since the previous position on Phase risk was reviewed at July 2023 (based on modelling from 2022), both the low and high provisions have increased. This has been made up of:
- 5.3.5.1. A review of portfolio risk.
 - 5.3.5.2. Work with the Delivery Directors.
 - 5.3.5.3. Interface risk.
 - 5.3.5.4. Review of polluter/ receiver and cost of delay risk.
- 5.3.6 The Board noted that the schedule risk position has also increased and noted that this has been a piece of work to understand schedule against the cost pressure being seen.
- 5.3.7 The Board noted that there has been audit activity in order to tidy up the categorisation of risk for better alignment of like for like comparison.
- 5.3.8 The Board noted that there would need to be [REDACTED]
- 5.3.9 The Board noted that the materials being reviewed had also been shared with the DfT through the process of sharing the Board pack.
- 5.3.10 [REDACTED]
- 5.3.11 The Board noted** [REDACTED]
- Action: Alan Foster**
- 5.3.12 The Board discussed next steps noting that the Board were not in a position to provide the endorsement being sought, however there was a question as to what information could be shared more widely.

5.3.13 The Board also noted that agreement was required as to the approach to be set against the independent methodology review.

5.3.14 The Board agreed that for transparency the latest position should be shared with the DfT but that the emphasis should be used for the funding profiles.

5.3.15 The Board noted that [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

Action: Alan Foster

5.3.16 The Board requested further visibility of the timeline to progress work.

Action: Alan Foster

5.3.17 The Board noted the early modelling and profiles for potential funding as provided to the DfT to inform immediate conversations with HM Treasury.

5.3.18 The Board noted [REDACTED]
[REDACTED]
[REDACTED]

5.3.19 The Board noted [REDACTED]
[REDACTED]

5.3.20 The Board discussed [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

5.4 Whilst the Board accept the need to share the data to inform future conversations with the DfT, endorsement to the EAC as requested was not provided. [REDACTED]
[REDACTED]
[REDACTED]

6 Corporate Publications (HS2B_24-031)

6.1 The External Affairs Director joined the meeting.

6.2 The Board received and noted the suite of Corporate Publications materials, as included within the meeting pack. The materials included:

6.2.1 Environmental Sustainability Progress Report (ESPR).

6.2.2 Corporate Plan.

6.2.3 Business Plan.

6.3 The HS2 Ltd Board were asked to endorse the final drafts of the 2024 – 2027 Corporate Plan, 2024/25 Business Plan, and 2023/24 Environmental Sustainability Progress Report.

6.4 The following key points were raised and noted:

6.4.1 The Board noted that the documents submitted are usually published on an annual basis and that approval from the HS2 Ltd Board was sought in June in order to support publications.

6.4.2 Due to the General Election the Board noted that engagement and onward approval of these documents would need to follow the appointment period. Whilst this creates potential risk for changes to be requested it was agreed as prudent to take the documents through HS2 Ltd internal governance as far as possible in the interim.

6.4.3 It was confirmed that there is a handling plan available for the Annual Report and Accounts (ARA) (to be discussed as the next item) and this would be shared with the HS2 Ltd Board.

Action: ██████████

6.4.4 The Board requested addition to the Corporate Plan to include summary of the HS2 Ltd Network activity.

Action: ██████████

6.5 Subject to the above, the HS2 Ltd Board endorsed the final drafts of the 2024 – 2027 Corporate Plan, 2024/25 Business Plan, and 2023/24 Environmental Sustainability Progress Report.

6.6 The External Affairs Director left the meeting.

7 Annual Report and Accounts 2023/24: Approval (HS2B_24-032)

7.1 The Head of CFO Office Special Projects and CFO Business Manager joined the meeting.

7.2 The Board received and noted the near-final version of the Annual Report and Accounts (ARA) 2023/24, as included in the meeting pack.

7.3 The HS2 Ltd Board were asked to:

7.3.1 Approve the near-final version of the ARA for the Executive Chair's signature and publication (subject to ministerial approval post-election).

7.3.2 Note the NAO Completion Report will be provided separately which should be read in conjunction with the ARA.

7.3.3 Approve delegation to the Executive Chair to sign off any minor amendments following the Board's approval (e.g., comments from Ministers).

7.4 The HS2 Ltd Board:

7.4.1 Noted that a small number of outstanding items remain to be completed before the document is finalised, these include the Certification and Report of the Comptroller and Auditor General.

7.4.2 Noted that a small number of editorial elements remain to ensure compliance with Parliamentary laying standards and will be added following ministerial

approval and NAO certification in preparation for publication. A final editorial check including proofreading is scheduled before ministerial approval.

- 7.4.3 Approved a delegation to the Executive Chair to sign off any further amendments to the front sections of the ARA arising from ministerial feedback (in so far as they do not affect the Financial Statements within the accounts).
- 7.4.4 The Board noted that approval is subject to any NAO finalisation of judgements and Ministerial review.
- 7.4.5 Noted that once Board sign off is confirmed, NAO Comptroller and Auditor General certification received, and ministerial agreement secured, the ARA will be finalised for signature by the Executive Chair, ready for external publication and laying in Parliament either before or after Summer Parliamentary Recess.
- 7.4.6 It was agreed that General Counsel would liaise with the Executive Chair on a historic Freedom of Information request prior to close out of the ARA.**

Action: ██████████

- 7.4.7 The Board agreed to the proposed amendment to the Key Performance Indicator on Delivery into Service (DiS) to make this consistent with previous reporting.**

Action: ██████████

- 7.4.8 The Board expressed thanks to the team involved for the hard work involved in the production and level of judgements required for the ARA.

- 7.5 The Head of CFO Office Special Projects and CFO Business Manager left the meeting.

8 Verbal Update from Audit and Risk Assurance Committee 20 June 2024, including ARAC Chair Annual Opinion (HS2B_24-033)

- 8.1 The Board received a verbal update from the Audit and Risk Assurance Committee meeting of 20 June 2024 and noted the ARAC Chair Annual Opinion report summarising Committee activity over the year as included in the meeting pack.
- 8.2 The following key points were raised and noted:
 - 8.2.1 The Board received and noted the review and outcome of accounting judgements which have been made and that the Committee had requested a summary of these to be provided in support of the ARA.
 - 8.2.2 The Board noted the summary of Counter Fraud and Business Ethics activity during the financial year and a closed discussion was held with regard to some residual matters.
- 8.3 The Board noted the update.

9 Report from People Committee 05 June 2024 (HS2B_24-035)

- 9.1 The Board noted the report from the People Committee held on 05 June 2024, as included in the meeting pack.
- 9.2 The Committee Chair provided a verbal update on the topics covered by the Committee and the report was taken as read noting progress with regard to:
 - 9.2.1 The planned process to ease payments at senior level.
 - 9.2.2 Progression of incentive payments to currently eligible Executive Committee Members.
 - 9.2.3 Agreement of the contingency budget.
 - 9.2.4 An update on in-flight organisational change activity.
- 9.3 The Board noted the update.

10 Update from People Committee 24 June 2024 regarding Internal KPIs (HS2B_24-036)

- 10.1 The Board noted the report from the People Committee held on 24 June 2024, as included in the meeting pack.
- 10.2 The Committee Chair provided a verbal update on the topics covered by the Committee including:
 - 10.2.1 Progress to agree the incentive scheme for the Executive noting that the terms of the scheme are aligned to the approved scheme for the incoming CEO but are not a direct copy.
 - 10.2.2 The People Committee have reviewed and are supportive of the scheme and will go through some worked examples in support of this later in the year.
 - 10.2.3 Development of internal Performance Indicators to provide focus and oversight for how the business is being run. The Committee continue to review matters which may be subject to no fault delay and how this is evidenced.
- 10.3 The Board noted the update.

11 [REDACTED] (HS2B_24-034)

- 11.1 The Civils Delivery Director and Commercial Delivery Director for Civils and Services joined the meeting and presented an update on the [REDACTED]
- 11.2 The following key points were raised and noted:
 - 11.2.1 Due to the nature and pace of the ongoing engagement, the Board received a presentation on the day which was commercially sensitive.

11.2.2 The Board were provided with a reminder of the previous update given in March 2024 and the approach being taken [REDACTED].

11.2.3 The Board noted that [REDACTED].

11.2.4 The Board requested [REDACTED].

Action: Jackie Roe

11.2.5 The Board received an overview of the contracting strategy noting that there have been positive ways of working with the DfT to progress this.

11.2.6 Management provided a verbal update on the status of negotiations and discussed [REDACTED].

11.2.7 Management confirmed that the number of entities involved with the Joint Ventures (JV) has been a point of review.

11.2.8 Management advised that options [REDACTED].

11.2.9 Broader political support will be called upon as needed.

11.2.10 The Board noted the reset timelines and it was agreed that Management would advise on the most appropriate time to further update the Board.

Action: Jackie Roe

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

12 Verbal Update from Finance and Performance Committee 25 June 2024 (HS2B_24-037)

12.1 The Committee Chair provided a verbal update from the Finance and Performance Committee held on 25 June 2024 which had considered the following matters:

12.1.1 The latest EAC position.

12.1.2 The Management level Programme Review Performance Summary for June 2024

12.1.3 A deep dive on Schedule Optimisation.

12.1.4 A deep dive on the relationship with the Environment Agency.

12.2 The Board noted the update.

13 AOB/ Meeting Close/ Meeting Float

13.1 The Board noted the Forward Look as provided in the meeting pack.

- 13.2 The Board received a verbal update summarising a meeting which had taken place with the DfT regarding Public Sector Fraud Authority highlighting the level of focus that this is now receiving which has been taken as a positive step. As part of this it was queried whether there should be a KPI set but it has since been agreed that this should be tracked as business as usual through the ARAC and onto the Board where required.
- 13.3 The Board formally recognised and thanked Tom Harris for his contribution and engagement to the Board over his four year tenure.
- 13.4 There being no further business the meeting was closed.