

Meeting minutes

HS2 Ltd Board

Meeting date Wednesday 29 January 2025
Meeting location Room 1.04, The Podium
Meeting time 09:00-14:47

Members	Attendees	Apologies
Jon Thompson (Chair) Non-Executive Chair	██████████ Chief Financial Officer (Interim)	
Joanna Davinson Non-Executive Director	██████████ (item 6) Sponsorship and Shareholder Relations Director	
Alan Foster Deputy Chief Executive Officer (Interim)	██████████ Interim Company Secretary	
Emma Head Chief Railway Officer	██████████ (Item 7) Commercial Delivery Director for Civils & Systems	
Elaine Holt Non-Executive Deputy Chair	██████████ Advisor to the Board	
Stephen Hughes Non-Executive Director	Alan Over (item 3) Department for Transport SRO	
David Goldstone Non-Executive Director	Non Owen Company Secretary	
Ian King Non-Executive Director	██████████ (item 3 onwards) Special Advisor	
Nelson Ogunshakin Non-Executive Director	██████████ (item 7) Delivery Director, Civils	
Keith Smithson Non-Executive Director	██████████ General Counsel	
Mark Wild Chief Executive Officer		

1 Welcome, Quorum, Declarations of Interest and Values Moment

- 1.1 The Chair welcomed members and attendees to the meeting.
- 1.2 No apologies had been received for the meeting.
- 1.3 The Board received a Values Moment from Keith Smithson, who shared slides on inclusion.
- 1.4 New declarations and a change of interest were declared and noted as follows:
 - 1.4.1 Acknowledging his role with HM Treasury, it was confirmed that David Goldstone will only participate in the Spending Review discussions from a HS2 Ltd position.
 - 1.4.2 [REDACTED] declared an appointment to the Board of the Orchestra of the Age of Enlightenment.
 - 1.4.3 Sir Jon Thompsen declared appointments as Senior Advisor to Bain & Co Ltd and as an Advisory Board Member of [REDACTED]
 - 1.4.4 The Board received a verbal update on a potential change to the register of business interests, the details of which will be added to the register on confirmation and published.
- 1.5 The Company Secretary will make the relevant changes to the Register of Interests and update accordingly to reflect the above and seek assurance from Compliance, as appropriate.

2 Minutes of the Previous Meeting and Matters Arising (HS2B_24-96 and HS2B_24-097)

- 2.1 The minutes of meeting held on 27 November 2024 were approved as accurate record of the meeting.
- 2.2 The Board noted the status of the actions as included within the meeting pack. The Board noted that a number of the previously submitted actions were signposted as relating to reset activities and it was agreed that these need to be mapped and tracked for the Board Members so that specific points are not lost.

Action: [REDACTED] / Non Owen

- 2.3 The Board raised concern regarding the timeliness of Board papers being received and issued, which impacted the effectiveness of Directors to be prepared for meetings. **The Board requested an improved submission deadline to be reestablished by the Executive and communicated to managers.**

Action: Non Owen / Mark Wild

3 DfT SRO Update (HS2B_24-098)

- 3.1 The DfT Senior Responsible Officer (SRO) joined the meeting
- 3.2 The Board received a verbal update on DfT activity and focus:

3.2.1 Thanks was expressed for the recent response on Health and Safety matters raised at the previous Board meeting.

3.2.2 Changes to the operating environment continues to be a joint endeavour with a single plan for change.

3.2.3 The position of the [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

3.2.4 The Board noted that the [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

3.3 The following key points were raised and noted:

3.3.1 Whether there were any comparable examples to be used on recent consenting issues experienced noting that there are independent reviews taking place in this area.

3.3.2 The Board received [REDACTED]
[REDACTED]

3.3.3 The Board queried the use of [REDACTED]
[REDACTED]
[REDACTED]

3.3.4 The Board noted the update on Old Oak Common and that there is a cross-stakeholder agreement required.

3.3.5 The Board discussed the recent quality issue which continues to be dealt with at both Programme and Governmental level. Lines to take have been prepared from a HS2 Ltd perspective in the meantime.

3.3.6 The Board noted that the findings of [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

3.3.7 The DfT SRO informed that the appetite post reset would continue to be the lowest cost to the taxpayer and providing best Value for Money (VfM).

3.3.8 The directional advice from the Secretary of State (SofS) and Government remains on safely delivering to lowest cost.

3.3.9 The Board held a discussion on Key Performance Indicators (KPIs), and noting the stance on safety and cost focus as priority from Government, whether there was something different needed. **The DfT SRO agreed that if there was confusion involved in agreeing these then it should be escalated.**

Action: [REDACTED]

Safety and Security Committee (HSSC) will receive a full presentation on the findings in March.

5.2.1.3. Earlier in the month, Return to Work 2025 health and safety briefings were delivered across HS2 Ltd and the HS2 supply chain workforce. These briefings focussed on a safe and healthy start after the seasonal break.

5.2.1.4. Overall programme health and safety performance, as tracked by the Health and Safety Performance Index (HSPI) continues to be positive. At the end of December HSPI increased slightly to 2.62, exceeding the HSPI target of 2.20.

5.2.1.5. The Board noted that

[REDACTED]

5.2.1.6. Development of new Health, Safety and Security performance reporting formats, which provide granular detail into actual contract level health and safety performance, will be presented at the March HSSC.

5.2.2 The Board noted development of the broader Programme Management Information but noted Management concern that the volume of the same was still too much to be able to correlate performance against the milestones identified and contradictory performance demonstrated by Cost Performance Indicators (CPIs) and Schedule Performance Indicators (SPIs).

5.2.3 Management advised that continuing to track against a deterministic timeline will result in lack of ability to effectively monitor productivity.

5.2.4 The Board noted the specific areas of Programme in short term focus for Management.

5.2.5 The Board noted progress with Rolling Stock as reported to the Finance and Performance Committee.

5.2.6 The Board went on to discuss Programme issues which have occurred historically and what level of risk identification and mitigation took place. The CEO advised that risk management by the organisation required a dynamic review to efficiently identify risks and manage controls. This required a change of behaviours to support foresight and transparency, which in turn would assure the Board that risks were being managed adequately by the business.

5.2.7 The Chair of the Audit and Risk Assurance Committee confirmed this statement advising that the approach to risk and assurance needs to move away from being an academic construct.

5.2.8 The Board further discussed previous deep dives on Programme issues which been more reactive and brought to the attention of the Board at stages where forms of resolution had begun to be formed rather than as these have emerged. Management advised that this would be reviewed together with internal

governance mechanisms such as the use of independent panels and subject matter expert groups.

- 5.2.9 The Board received an update from the General Counsel on an active litigation matter. While the particular case had not ultimately been settled, the Board discussed their role in respect of potential settlement of cases where special payment approval was submitted to SofS/HM Treasury, noting the need for a clear distinction between the role of the Board and the Accounting Officer. As discussed during an Accounting Officer session, the General Counsel will consider the role of the Board in any such matter including any required deliberation or approval.

6 Reset activities (HS2B_24-101)

- 6.1 The Sponsorship and Shareholder Relations Director joined the meeting in support of this item.

- 6.2 The CEO introduced the context of the reset activities, following on from discussion setting this out earlier in the month. The Board noted that two strategic challenges need to be addressed from the reset:

- 6.2.1 [REDACTED]

- [REDACTED]

- 6 [REDACTED]

- 6.4 The Board noted that the Programme has in addition already been subject to a number of external reviews and recommendations from these will be fed into taskforce activity where appropriate or dealt with as business as usual.

- [REDACTED]

- [REDACTED]

- 6.7 The Board noted that whilst previous inputs will be used to inform the work, there is a fundamental change required.

- 6.8 The Board queried whether there was clarity on each of the workstreams and how these would need to be reviewed by Board Members, whether at the Formal Board meeting or Sub-Committees and noted that taskforces would be iterative in their nature.

- 6.9 [REDACTED]
- 6.10 The Board queried the status efficiencies identified noting that these had come with a level of assurance previously. Management advised that this data collection is taking place as part of the Improvement Plan for Programme Controls (IPPC) following the Arcadis review and conclusions.
- 6.11 The Board discussed the work on Schedule Optimisation as presented to the Finance and Performance Committee the previous day.
- 6.12 Following review at the Finance and Performance Committee, the Board:
- 6.12.1 [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- 6.13 The Board received a presentation on the day [REDACTED]
- [REDACTED]
- [REDACTED]
- Action: Alan Foster/** [REDACTED]
- 6.14 The Board noted that materials received on the day would be updated and presented as an updated iteration in coming months.
- Action: Alan Foster**
- 6.15 The Sponsorship and Shareholder Relations Director left the meeting.

7 MWCC Update (HS2B_24-102)

- 7.1 The Delivery Director for Civils and Commercial Delivery Director for Civils & Systems joined the meeting.
- 7.2 Management provided context that during 2024, the Executive initiated the [REDACTED]
- [REDACTED]
- [REDACTED]

Management are now seeking to draw activities to a conclusion ahead of the wider Programme reset that will be conducted through 2025.

The Board were asked to:

7.5.1 Note the progress that has been achieved through the Commercial Reset workstream in 2024.

7.5.2 Consider and support the three papers associated with the [REDACTED] in respect of:

7.5.3 [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

The following key points were raised and noted:

7.6.1 [REDACTED]
[REDACTED]
[REDACTED]

7.6.2 The Board noted [REDACTED]

7.6.3 The Board discussed [REDACTED]

7.6.4 The Board noted [REDACTED]
[REDACTED]
[REDACTED]

7.6.5 The Board noted that the Baseline activity will be key.

7.6.6 The Board queried whether there are any comparisons available for final accounting and noted that HS2 Ltd continues to work with the Treasury Officers of Accounts (TOA) on how to navigate the final position.

7.6.7 The Board noted that an earlier intention of Management had been to seek approvals during this meeting but that due to continued work and liaison with the DfT required, materials were now being presented as update positions. The Board noted that queries outstanding with the DfT include scope and Cost Verification Analysis (CVA).

- 7.6.8 The Board queried what level of change would be made to Management Information and reporting for future delivery arrangements with Management advising that there will need to be controls in place and adequate resourcing. Management advised that one of the JVs will be used as almost a pilot which would then be rolled out wider and then become part of broader reset activity.
- 7.6.9 The Board noted that legal advice and assurance would be provided in house in support of any approval points as required.
- 7.6.10 The Board discussed [REDACTED]
[REDACTED]
[REDACTED]
- 7.6.11 Management advised that the preferred position would be for agreement in advance of the next financial year.
- 7.6.12 The Board noted that further governance will be required, and materials will be represented as such.

- 7.7 The Board provided challenge on the quality of the papers submitted and queried the asks and governance requirements therein, requesting that this is made clearer in subsequent submissions.

Action: Alan Morris

- 7.8 The Board noted the update and provided broad agreement in principle to the approach and intent presented.
- 7.9 The Delivery Director for Civils and Commercial Delivery Director for Civils & Systems left the meeting

8 Report from Audit and Risk Assurance Committee 10 December 2024 (HS2B_24-103)

- 8.1 The Audit and Risk Assurance Committee Chair provided an overview of the meeting held on 10 December 2024 which had considered the following matters:
 - 8.1.1 Risk, Control and Assurance Management Information Report, including an update on Risk Appetite and appraisal of progress.
 - 8.1.2 Senior Information Risk Owner – December 2024 Six monthly Update.
 - 8.1.3 An update on Business Critical Models.
 - 8.1.4 Actual Cost Assurance and Cost Verification Status Update.
 - 8.1.5 Integrated Assurance and Approvals Plan (IAAP) 2025-2028 update.
 - 8.1.6 Senior Accounting Officer (SAO) HMRC Tax Certificate for FY2023/24.
 - 8.1.7 Annual Report and Accounts 2024/25: Accounting Judgements and Management Actions.
 - 8.1.8 NAO Update.
 - 8.1.9 Internal Audit Progress Report – December 2024.

8.1.10 ARAC Effectiveness Review – Initial Findings.

- 8.2 Noting the update from the recent meeting, the Board expressed interest in review of the overall assurance landscape (and the clarity needed between HS2 and DfT assurance). It was noted that this discussion continues to be progressed through ARAC and the Cost Oversight Group (COG).

Action: [REDACTED]

- 8.3 The Board requested visibility of when strategic risks would return to the Board.

Action: [REDACTED] / Non Owen

- 8.4 The Board noted the update.

9 Report from People Committee 12 December 2024 (HS2B_24-104)

- 9.1 The People Committee Chair introduced the report summarising the meeting held on 12 December 2024 which had considered the following matters:

9.1.1 Approval of the HS2 Ltd Reward Strategy following comments and challenge provided to the same at the October Committee. The Board noted that the introduction of a Reward Strategy is a positive step following the absence of the same to date.

9.1.2 An update on the close out of the Organisation and People Programme 2024.

9.1.3 An update on the Workforce Management and Control noting that this will continue to be reviewed by the Committee.

9.1.4 The approach to the Corporate Key Performance Indicators (KPIs) for 2025/26 noting that a one tier approach is being proposed for simplification.

9.1.5 The Board noted that the Committee Chair also continues to review the Annual Incentive Plan (AIP) proposal.

- 9.2 The Board noted the update.

10 Report from Commercial and Investment Committee 21 January 2025 (HS2B_24-105)

- 10.1 The Commercial and Investment Committee Chair introduced the report summarising the meeting held on 21 January 2025 which had considered the following matters:

- 10.2 The Committee received updates from Panel activity and noted the example of [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

- 10.3 The High Speed Rail Systems (HSRS) Contract Award Conditions as delegated for review by the HS2 Ltd Board. The Committee advised that they were satisfied with the approach to the same being taken by Management.
- 10.4 The implications of the introduction of the Procurement Act 2023 noting that the training for the same would be issued to all Board Members.
- 10.5 The reporting proposal for the Procurement and Supply Chain (P&SC) Update, including:
 - 10.5.1 P&SC Performance Report
 - 10.5.2 Supplier Management Report
 - 10.5.3 Performance Improvement Measures Report
- 10.6 Revised Terms of Reference where the HS2 Ltd Board were asked to review and approve the changes. The Board agreed that the updated Terms of Reference for the Commercial and Investment Committee, be and are hereby approved and adopted subject to some minor typographical errors.

11 Report from Finance and Performance Committee 28 January 2025 - Verbal

- 11.1 The Deputy Chair provided a verbal update from the Finance and Performance Committee meeting held on 28 January 2025 which had considered the following matters:
 - 11.1.1 Programme Review Performance in the period noting that the management of business as usual alongside reset activities will prove a challenge which needs careful management.
 - 11.1.2 Review and discussion of the current [REDACTED]
[REDACTED]
 - 11.1.3 Continued review of the recent quality issues.
 - 11.1.4 [REDACTED]
 - 11.1.5 [REDACTED]
 - 11.1.6 [REDACTED]
[REDACTED]
 - 11.1.7 An update on Rolling Stock prior to continuing though formal governance in February 2025.

12 Forward Look and AOB

- 12.1 It was noted that an external Board Effectiveness Review was scheduled to be completed in 2025. It was proposed that in order to incorporate the various changes from [REDACTED] and reset activities, that the Board instead hold a light-touch review for the year. This approach was supported and following engagement with the DfT it was agreed that the General Counsel would map out formally the next steps and timings.

Action: [REDACTED]

- 12.2 The Board noted the status of the Forward Look.
- 12.3 It was agreed that the February Board meeting would be held in London on Wednesday 26 February 2025.
- 12.4 There being no further business the meeting was closed.