

Meeting minutes

HS2 Ltd Board

Meeting date Wednesday, 31 July 2019
Meeting location Room 6.1, Two Snowhill, Birmingham
Meeting time 09:00 – 14:55

Members	Attendees	Apologies
Allan Cook Non-Executive Chairman	Jim Crawford (Item 06) Managing Director Phase 1	
Michael Bradley Executive Director	Section 40 Phase One Project Controls Director	
Mel Ewell Non-Executive Director	Nicole Geoghegan General Counsel	
Judith Hackitt Non-Executive Director	Neil Hayward (item 07) HR Director	
Stephen Hughes Non-Executive Director	Tom Kelly Strategic Director Stakeholder Engagement	
Roger Mountford Non-Executive Director	Section 40 DfT Observer	
Richard Robinson Chief Operating Officer	Section 40 PMO Director	
Ed Smith Non-Executive Director	Non Owen Company Secretary	
Mark Thurston Chief Executive Officer		

Signed

Chair Allan Cook

Date

1 Welcome, Declarations of Interests and Values Moment

- 1.1 There were no additional declarations of interest to record on the register.
- 1.2 The Board welcomed Section 40 to the meeting as an Observer to the meeting.

- 1.3 The Board received a values moment from Judith Hackitt regarding acting as an ambassador for HS2 following her appointment to the Board and respectfully listening to the opinions of the public.
- 1.4 **Judith observed that in conversations there is a residual level of misunderstanding in the public domain and it was agreed that Management will review a narrative to share facts about the programme to dispel inaccuracies.**

Action: -----Section 40-----

2 Minutes of the previous meeting and matters arising (HS2B_19-047 and HS2B_19-048)

- 2.1 The Board agreed the minutes of the meeting 26 June 2019 as a true record.
- 2.2 The Board noted the status of the actions.
- 2.3 **The Board noted Action 19/040 and it was agreed that the Accounting Officer assessment would be shared in correspondence with the Board.**

Action: Mark Thurston

3 Chair Report (HS2B_19-049)

- 3.1 The Chairman gave the Board an overview of his engagement activities over the month.
- 3.2 The Strategic Director of Stakeholder Engagement gave an overview of the political context and activity following changes to Government and Ministers.
- 3.3 The Board noted the significance and positivity of the announcement of Northern Powerhouse Rail and the importance for the Board to continue to show confidence in HS2 Ltd.
- 3.4 The Board discussed the announcement of the review of HS2 Ltd commissioned by the Prime Minister noting that the review is not intended to interrupt the timetable leading to NTP -----Section 43-----.
- 3.5 The Board received an update on the current recruitment campaign for new Non-Executive Directors to continue to add strength to the skills, experience and diversity of the Board. It was highlighted that there is a short list of -----Section 43-----. The process is on hold until the new Secretary of State for Transport approves this shortlist.
- 3.6 The Board agreed that the calibre of talent is key as Board recruitment continues.

3.7 The Chairman's Stocktake was confirmed as submitted to the Department for Transport (DfT) on 17 July 2019 and this will be submitted to the Secretary of State for Transport with some minor changes.

3.8 **The Board will receive access to the final version of the Stocktake when this has been submitted.**

Action: Non Owen

3.9 **The Board discussed the recommendations made in the Chairman's Stocktake and the importance to progress activities and responses. It was agreed that this will be a standing item to the Board for discussion of progress with recommendations.**

Action; Non Owen

3.10 It is important that there are creative and innovative solutions applied to the recommendations. The Board Members should provide engagement, suggestions and challenge to Management on the recommendations and ongoing activity.

3.11 **There is continuing work to develop the strategic business case and benefits. A summary of areas for review by Management will be shared with the Board in correspondence.**

Action: Michael Bradley

3.12 External engagement should be utilised for the mutual benefit of sharing information and learning externally. Non-Executive Directors offered their input and suggestions to facilitate this.

3.13 Whilst the Board were encouraged to see the development of the recommendations they expressed interest in continuing to review the deliverability of actions and recommendations, noting the complexity.

3.14 The Board noted the update.

4 CEO Report (HS2B_19-050 and HS2B_19-051)

4.1 The Board noted the Management Information and report from the CEO for activity over July 2019.

4.2 The following key points were raised and noted:

4.2.1 The Board received a working draft version of the Management integrated plan for progression to Notice to Proceed. This document is a Management tool

summarising all of the interrelated work streams required for Notice to Proceed and beyond for Main Works Civils Contracts integrated teams and mobilisation.

- 4.2.2 The Board discussed the work streams involved and agreed the importance of this being a live document which should be a standing item at the Board with allowance of appropriate time for continuing review and discussion.
- 4.2.3 The Board noted the timelines have no float allowance and asked Management to consider what level of support and involvement, if any, was required from the Board.
- 4.2.4 The Board Observer asked Management to consider suitability to phase the approaches of any of the work streams and also what areas of work should be suspended to allow focus at the right level on the integrated activities.
- 4.2.5 The Board Observer advised that the Department should provide consultation on the work streams for advice on any timing implications of Governmental/ Brexit activity.
- 4.2.6 The National Audit Office have formally commissioned their work to conduct a Value for Money review and have commenced fieldwork and interview activities.
- 4.2.7 Judith Hackitt referenced her first attendance at the Health, Safety, Security and Environment Committee and will work with Management to further iterate the vision for Health and Safety with the supply chain.

4.2.8

Section 36

Action: Mark Thurston

- 4.2.9 The Board noted financial performance in the month and that there will be a review of spend on Land and Property conducted by the CFO and COO.
- 4.2.10 The Board requested visibility of changes with Senior Management in the Phase 1 Directorate given the criticality and activity underway. The Board noted that there will be more detail provided on Section 36 at the August Board including detail on Phase 1 activity.

- 4.3 The Board noted the updates.

5 Report from Commercial and Investment Committee 19 July 2019 (HS2B_19-052)

- 5.1 The Board noted the summary report and received an update from the Chair of the Commercial and Investment Committee (Committee) following the meeting on 19 July 2019.
- 5.2 The Board noted that the Committee had considered:
 - 5.2.1 A paper for onward submission to the HS2 Ltd Board for approval of a proposed increase in Procurement/Investment Authority in connection with Phase 2b Rail Systems Application Design Services (RSADS).
 - 5.2.2 At the meeting the Committee Members were not prepared to recommend the decision to the HS2 Ltd Board until Management had discharged a number of comments and actions.
 - 5.2.3 The Committee recommended delegation of the decision by the Board to the Committee in order to avoid delay or interruption to the work.
 - 5.2.4 The Board approved delegation of the matter to the Committee.
 - 5.2.5 The Committee had received a further information paper regarding the streamlining of procurement activities, noting that there needs to be clarity with the market on the process being used to ensure maximum success.
- 5.3 The Board noted the update.

6 Draft Submission of Baseline 7 (HS2B_19-053)

- 6.1 The Board noted the paper presenting a draft of the Baseline 7 (BL7) for Phase 1 including the residual areas which are being addressed prior to formal submission of the BL7, planned for September 2019.
- 6.2 The Board had received a detailed briefing the afternoon prior to the Board meeting to allow more of a deep dive given the complexity and volume of information.
- 6.3 The products for the Baseline have been matured since Baseline 6.1 with bottom up forecasts informed by the supply chain and scheme design for EWC and MWCC supported by a HS2 detailed engineering requirement set.
- 6.4 Dialogue with the Department for Transport (DfT) continues for agreement of treatment of DfT retained risks and how they should be captured in any overall funding assessment. There are a number of key assumptions and exclusions which need to be agreed with the DfT to meet the schedule for BL7.

- 6.5 The Board noted the schedule critical areas and the schedule changes which have occurred since the data freeze was applied on 08 May 2019.
- 6.6 Management continue to review some emerging engineering issues resulting in schedule changes since the data freeze.
- 6.7 The Board discussed the basis for calculating schedule ranges and float analysis, supported by modelled quantitative schedule risk analysis (QSRA) and reference class forecasting (RCF) tools, to show levels of confidence constructed using probability to arrive at ~~---Section 43---~~ estimates.
- 6.8 The Board discussed the objectives of the tools, with the QSRA providing a forecast of completion with understanding of the key risks, opportunities and uncertainties.
- 6.9 The RCF enables a project to benchmark risk exposure and actual or suggested contingency against a peer group of statistically similar completed projects.
- 6.10 The recent DfT review into lessons from the sponsorship of major projects, resulted in a recommendation that a range is more appropriate, given the duration of major projects, and where HS2 Ltd is in the project lifecycle. Therefore the proposal is to supplement the traditional quantitative schedule risk analysis/quantitative cost risk analysis (QSRA/QCRA) assessment with the use of Reference Class Forecast (RCF) assessments of time and cost contingency provisions.
- 6.11 The Board discussed the deterministic schedule which indicates that from ~~-----~~
~~-----~~
~~-----~~ ~~---Section 43---~~ ~~-----~~
~~-----~~
- 6.12 The second stage of commissioning, ~~-----~~
~~-----~~ ~~---Section 43---~~ ~~-----~~
~~-----~~, however as route will connect onto the classic network it is dependent on a national timetable change, which is usually December each year.
- 6.13 ~~-----~~
~~-----~~ ~~---Section 43---~~ ~~-----~~
- 6.14 The Board noted the number of opportunities and the mechanism for validation and challenge through an innovation forum.
- 6.15 A workshop with the Board will be considered to enable Board Members to contribute and add challenge to the opportunities identified.

- 6.16 The Board discussed the basis for calculation of the cost ranges and noted that there will be a requirement to agree with wider stakeholders what the positioning on cost ranges would be.
- 6.17 The Board noted the findings from-----Section 43----- and requested clarification of the interpretation of the statements.
- 6.18 It was agreed that an invitation would be extended to-----Section 43----- to support a Board briefing on cost and schedule.
- 6.19 The Board discussed benchmarking and assurance noting the interim S.43 analysis progress since April 2019.
- 6.20 The Board noted that there will be an extraordinary meeting of the Audit and Risk Assurance Committee who will sit as a challenge panel on Baseline 7 assurance with attendance from S.43 and a Project Representative. The outcome of this session will be reported to the Board.
- 6.21 **The Board asked for visibility of a fan chart to show year by year spend.**

Action: Jim Crawford

- 6.22 The Board noted the update and thanked Management for the work to date.

7 HS2 Skilled for Success (HS2B_19-054)

- 7.1 The Board received a briefing from the Human Resources Director with regard to the progress on the People Strategy: “Skilled for Success”, leadership and organisation.
- 7.2 The following key points were raised and noted:
- 7.2.1 Over the past 18 months much progress has been made in the department to improve core business services;
 - 7.2.2 The Board encouraged progress and visibility of increasing the number of women in senior positions;
 - 7.2.3 Management confirmed that the suite of documents and practices being developed and adopted by HS2 Ltd could be shared into the supply chain. The Board emphasised the importance of clarity with the supply chain of the expectation to follow a set of common principles to encourage coalescence with Joint Ventures and the supply chain;
 - 7.2.4 The Board discussed the principle of standard setting and the importance of the role of HS2 Ltd doing this with supply chain across a number of areas;

7.2.5 The Board requested a breakdown of the number of promotions within teams as compared to promotions into differing areas of the business; and

Action: Neil Hayward

7.2.6 Management will review appropriateness of use of Investors in People or the Stonewall Index.

7.3 The Board noted the update.

8 HIP and Project Atlas (HS2B_19-055)

8.1 The Board received a briefing from the Programme Management Office Director on the HS2 Improvement Programme and Project Atlas.

8.2 The following key points were raised and noted:

8.2.1 The Board had received a previous version of the bespoke model being used for the capability assessment and provided feedback to Management that capability level 3 should be more challenging prior to signing this off.

8.2.2 There will be an extraordinary Audit and Risk Assurance Committee meeting which will review the Line of Defence and Assurance outcomes prior to the item being presented to the Board for approval.

8.2.3 The Board will receive a copy of the draft Project Atlas Management Information for the opportunity to provide queries and comments in advance of live data visible from September 2019.

Action: Section 40

8.3 The Board noted the updates.

9 Strategic & Stakeholder Engagement Report (HS2B_19-056)

9.1 The Board noted the key activities of the Strategic & Stakeholder Engagement Department over the previous month.

9.2 The Board requested consideration be given to evolving the metrics and data contained within the report which will be actioned with the incoming Strategic Director of Stakeholder Engagement.

9.3 The Board noted that this was the last Board meeting for the outgoing Strategic Director of Stakeholder Engagement and thanked him for his efforts and contribution to the organisation during his tenure. He had provided excellent support to the Executive and the Board and the Board wished him well in his new career.

10 Priorities for August Board to be agreed with the Chair and CEO (HS2B_19-057)

10.1 The Board noted the forward look of topics to be considered by the Board. Content for the August Board will be considered and agreed with the Chairman.

11 Any Other Business

11.1 The Board noted the appointment of Mel Ewell as Chair of the Remuneration Committee following the departure of Richard Brown.