

High Speed Two (HS2) Ltd Board Meeting held on 20 March 2014

Minutes

Nottingham City Council, Station Road, Nottingham NG2 3NG

Present:

David Higgins, Chair
Alison Munro, Chief Executive
Sir Brian Briscoe
Richard Brown
Duncan Sutherland
Mike Welton
Andrew McNaughton, Technical Director

Apologies: Beth West, Commercial Director

In Attendance:

XXXX, Department for Transport Observer
XXXX, Project Development Director, Network Rail (item 6)
Kieran Rix, Director of Finance and Corporate Services
Roy Hill, Phase One Director (items 6-7)
Ian Jordan, Director Phase Two (items 14-18)
Paul Chapman, Interim Director of Communications (item 13)
XXXX, General Counsel and Company Secretary
XXXX, Assistant Company Secretary
XXXX, iDDAS

1. **Declarations of Interests**

1.1 There were no changes to the previously declared interests.

2. **Minutes of Previous Meeting and Matters Arising**

2.1 The minutes of the meeting held on 19 January 2014 were agreed as a true record and signed by the Chair.

2.2 The Chair welcomed XXXX of iDDAS who is conducting the Board Effectiveness review.

2.3 It was noted that Sir Brian Briscoe will be retiring as a Board member on 31 March 2014. The Chair, on behalf of the Board, thanked Sir Brian for his work on behalf of the Company and the project over the last five years.

2.4 The Board discussed the list of actions arising from previous meetings and noted progress to date.

2.5 The Board noted that further work was required on the draft standing orders and that the amended documents would be circulated to the Board by 30 April.

Action: General Counsel
and Company Secretary

2.6 It was noted that the Secretary of State will require recommendations on options as well as advice from the Company in connection with the outcome of the Phase Two consultation.

2.7 It was noted that the non executive directors will receive further health and safety training. The importance of regular updates to the training was emphasised.

2.8 It was confirmed that operator input had been sought on the HS2 and Scotland study.

2.9 It was noted that functionality issues associated with the move to the '.gov.uk' internet domain had been resolved and that work was continuing in order to resolve branding issues.

2.10 It was agreed that discussions with the Department for Transport with regard to depot issues should be escalated as appropriate.

Action: Chief Executive

2.11 There were no further matters arising.

3. Chair's Report

3.1 The Chair briefed the Board on reaction to the publication of the HS2 Plus report ('HS2 Plus: A Report by David Higgins'). It was noted that there will be a formal communication to the Company from the Secretary of State in respect of the proposals in the Report in due course.

3.2 It was noted that the report of the HS2 Growth Task Force ('High Speed 2: Get Ready – A report to the Government by the HS2 Growth Taskforce') would be published on 21 March. It was agreed that the Company would issue a response to the report.

Action: Commercial Director

4. Chief Executive's Report

4.1 The Board received an update from the Chief Executive on key developments since the last Board meeting.

4.2 The Board discussed the publication of the HS2 Plus report on 17 March and discussed the implications of the proposals for the programme. It was agreed that the Phase One Director should work with the incoming Chief Executive – Construction to rebaseline the programme within two months. Interdependencies should be clearly mapped and key assumptions identified. It was further agreed that the Board should be briefed at its June meeting on the rebaselined programme.

Action: Phase One Director/
XXXX /

incoming Chief Executive – Construction

4.3 It was noted that work is underway to provide a regular status report to the Board in connection with petition management

4.4 It was reported that interviews for the Phase One Programme Director were currently in progress. This is a key appointment to build up organisational capability in preparation for the construction phase. It was noted that an integrated Programme Management Office will provide support to the Tripartite Cooperation Board and will deliver improved high level information.

4.5 It was agreed that the incoming Chief Executive – Construction would be asked to attend future Board meetings.

Action: General Counsel
and Company Secretary

4.6 The Board discussed the Phase Two consultation. It was agreed that there should be ongoing engagement with major stakeholders in connection with the proposals made in their consultation responses.

4.7 It was noted a summary of responses to the Phase Two consultation will be reported to a future board meeting. The DfT undertook to circulate to the Board a summary of the major responses to the Phase Two consultation.

Action: XXXX

4.8 The Chief Executive undertook to report back to the Board on the plan for work on potential design changes for Phase Two.

Action: Chief Executive

4.9 The Board was updated on the Company's move to new offices including arrangements for staff consultation. It was noted that the Company is negotiating for a further half floor in addition to the premises previously reported to the Board. It was agreed that the approval of the Board would be sought in respect of the lease for the additional half floor.

Action: Commercial Director

5. Health and Safety Report

5.1 The Board received an update on Health and Safety matters.

5.2 An incident regarding some members of staff undertaking survey work was noted. The Board discussed the need to train staff to in relation to such situations.

5.3 The Board was updated on the progress made on developing a separate Health and Safety Risk Register for the Company.

5.4 The Board observed that Health and Safety training was behind target in a number of areas and proposed the targets be re-evaluated.

6. Euston

6.1 The Company's Phase One Director and Network Rail's Project Development Director briefed the Board on the options for Euston Station, which reflected recent discussions at the Tripartite Cooperation Board.

6.2 The Board discussed the implications of the options including the impact on funding, programme, operational capacity and reliability, planning and key stakeholders (including the interface with the Euston Area Plan), financial investment and return, the interface with the hybrid Bill and the impact on transport operators.

6.3 It was noted that Camden Council had set up a working group on Euston which included councillors and local community representatives. This was welcomed by the Board as a very positive move.

6.4 It was agreed that further work should be undertaken on the option based on the outline proposal in HS2 Plus, in particular to identify at an early stage any key issues on the critical path which require resolution. Associated governance structures should be proposed. Funding and procurement issues should be addressed as should performance and train mitigation measures.

Action XXXX /
XXXX

6.5 It was further agreed that work should progress to enable the Secretary of State to consider an additional provision for Euston.

6.6 It was agreed that the Board should receive regular updates on progress.

Action: Phase One Director/
XXXX

7. Programme for Hybrid Bill and Delivery

7.1 The Board received a briefing on the programme for the hybrid Bill and delivery from the Phase One Director and were briefed on the key risks to the programme.

8. Development Agreement

8.1 The Board received a report on work undertaken in collaboration with the Department for Transport to develop the Heads of Terms for a Development Agreement with the Department, setting out clearly the respective roles, responsibilities and deliverables of the parties for delivery of the HS2 programme. It was noted that a key aim of the Development Agreement is to ensure that the Company operates as an empowered organisation.

8.2 It was noted that the incoming Chief Executive – Construction is content with the proposals and that the aim is to sign the Development Agreement in July 2014. It was noted that the Agreement will not be legally binding.

8.3 Richard Brown undertook to pass some detailed comments to the Chief Executive.

8.4 The Board endorsed the progress made to date.

9. Incentive Payments

9.1 The Board received two proposals for the award of incentive payments to contractors; the first dealing with the Development Partner (DP), the second dealing with Professional Services Contractors (PSCs).

9.2 The Board required greater clarity in respect of the proposals in each case. It was agreed that the Board papers would be amended to ensure greater clarity and would be circulated to the Board.

Action: Commercial Director

10. Ground Investigations

10.1 The Board received an update on progress with the procurement of Ground Investigations (GI) work. The Board noted the proposed work formed a significant portion of the UK's GI market and responses to the Pre-Qualification Questionnaire (PQQ) included the majority of the companies operating in this market.

10.2 The Board reaffirmed the timetable for the commencement of GI work which is on the critical path for the programme, and noted and endorsed the proposals.

10.3 The Board requested the Company engage a suitable professional to undertake a peer review.

Action: Technical Director

10.4 The Board noted that Treasury approval will be required for the procurement and will be expeditiously sought, noting the time critical nature of the programme.

10.5 The Board noted further details would be brought to the next meeting, including proposals in relation to apprentices and the involvement of small and medium enterprises in the project.

Action: Commercial Director

11. 2014/15 Budget

11.1 The Board received the Company's 2014/15 Budget for approval.

11.2 The Director of Finance and Corporate Services briefed the Board on the key aspects of the budget including potential pressures. It was agreed that the Chief Executive would write to the Department for Transport in relation to the property budget.

Action: Chief Executive

11.3 It was noted that the Company undertakes a quarterly review of the budget and there may be a need to reforecast regularly given the fast moving pace of the project.

11.4 The Board approved the 2014/15 Budget and agreed that the budget should be reforecast regularly to identify any underspend which should be held as a central rather than local contingency.

12. Finance Report

12.1 The Board noted the Finance Report for February 2014.

13. Communications Report

13.1 The Interim Communications Director updated the Board on communications activities.

13.2 The Board welcomed the launch of a campaign by a number of cities along the northern route named 'Connected Cities: One Voice for HS2'. The Company will support the campaign with stakeholder interaction and events.

13.3 It was noted that communications will be discussed as a strategic theme at a future board meeting.

14. Management Information

14.1 The Board noted the Management Information dashboard for February 2014.

15. Commercial Report

15.1 The Board noted the Commercial Report for February 2014. It was noted that the risks identified did not fully align with the Risk Report and it was agreed that this should be reviewed.

Action: Commercial Director

16. Reports for Noting

16.1 Risk

16.1.1 The Board noted the Risk Report

17. Date of next meeting – 30 April 2014

18. Any Other Business

18.1 The Board was updated on the recent successful MIPIM Property Event which was attended by Duncan Sutherland and the interim Communications Director.

18.2 Board members were advised that they would shortly be asked to complete the usual Related Party Transaction returns as part of the 2013-14 Annual Accounts of the Company.

Signed: