

High Speed Two (HS2) Ltd Board Meeting held on 29 October 2015

Minutes

HS2 Ltd Board room, One Canada Square, London E14 5AB

Present:

David Higgins, Chair
Lord Andrew Adonis
Steve Allen, Chief Financial Officer (and Board member from item 2.4)
Richard Brown
Christine Emmett
Neil Masom
Roger Mountford
Alison Munro, Managing Director – Development
Duncan Sutherland
Jo Valentine

Apologies:

Simon Kirby, Chief Executive

In Attendance:

XXXX, Chief of Staff (item 2.3)
XXXX, Assistant Company Secretary
XXXX, Sponsor, HS2 Ltd (item 8)
Tom Kelly, Strategic Communications Adviser
Alistair Kirk, Programme and Strategy Director (item 4)
Janine Mantle, Corporate Affairs Director (item 7)
XXXX, Department for Transport (DfT) Observer
Andrew McNaughton, Technical Director
Kieran Rix, Director of Finance and Corporate Services (item 7)
XXXX, interim General Counsel and Company Secretary
XXXX, Head of Public Affairs (item 7)
Stuart Westgate, Internal Sponsor, HS2 Ltd (item 8)

1. Declarations of Interests

1.1. There were no further changes to the previously declared interests.

2. Matters Arising and Minutes of Previous Meetings

2.1. *Minutes of meeting held on 29 September*

2.1.1. The minutes of the meeting held on 29 September 2015 were agreed as a true record and signed by the Chairman.

2.2. *Matters Arising*

2.2.1. The Board reviewed the list of actions from previous meetings and discussed progress in relation to a number of matters.

2.2.2. It was agreed to circulate the response by the Chairman to the Second Report of the Residents' Commissioner to the Board.

Action: Strategic Communications Adviser/
Assistant Company Secretary

2.2.3. The Board was briefed on the principal issues raised by the Commissioner in her report.

[Redacted – Commercial in confidence]

2.3. *Matter Arising: Commercial and Investment Committee*

2.3.1. A proposal was received to establish a Commercial and Investment Committee of the HS2 Ltd Board. It was noted the main purpose of the proposed Committee was to scrutinise commercial decisions prior to review by the HS2 Ltd Board and to advise the Board on their merits.

2.3.2. The Board noted the update and:

- Approved the establishment of a Commercial and Investment Committee
- Agreed that Roger Mountford would be appointed as Chair and that Lord Adonis, Christine Emmett and Neil Masom would be appointed members of the Committee
- Agreed to receive an update in six months' time on how the Committee was progressing.
- Noted the draft Terms of Reference of the Committee

Action: Chief of Staff

2.4. *Matter Arising: Appointment of Executive Director (Steve Allen, Chief Financial Officer) to the HS2 Ltd Board*

- 2.4.1. The Board approved the appointment of Steve Allen (Chief Financial Officer) as an Executive member of the HS2 Ltd Board with effect from 29 October 2015.

2.5. *Matter Arising: HS1/HS2 Link*

- 2.5.1. The Board received an update on proposals for rail links to the Continent and the latest evaluation of the various proposals under consideration.
- 2.5.2. The Board discussed the range of options under consideration, noting the cost implications and practical feasibility of each proposal and the impact on existing transport services.
- 2.5.3. [Redacted – Commercial in confidence]

2.6. There were no further Matters Arising.

3. **Chair's Report**

- 3.1. The Board received an update from the Chair on key developments since the last Board meeting.
- 3.2. It was agreed that a presentation on the Health and Safety Strategy and Brand would take place at the next Board meeting.
Action: Corporate Health and Safety Director
- 3.3. The Board noted the update.

4. **CEO's Summary and Management Information**

- 4.1. The Board discussed the update from the Chief Executive on strategic and operational matters.
- 4.2. [Redacted – Commercial in confidence]
- 4.3. The Board was updated on progress with the National College for High Speed Rail. The Board discussed the resourcing of the College and the identity of the sponsoring client and construction manager.

Programme Dashboard

- 4.4. The Board went on to discuss the Programme Dashboard which presented an overview of key Management Information for the Company.

4.5. The Board discussed the overview of key risks and agreed the Audit and Risk Assurance Committee would receive a presentation on two key risks at each meeting.

Action: Director, Risk and Assurance

4.6. It was agreed that future Programme Dashboards should include a Gantt chart giving an overview of progress against the programme as a whole.

Action Programme and Strategy Director

4.7. The Board asked to receive at its next meeting an explanation of the implications for the programme where programme milestones are missed.

Action: Programme and Strategy Director

4.8. The Board noted the update.

5. **Health and Safety Report: September 2015**

5.1. The Board received an update on the organisation's Health and Safety performance for September 2015.

5.2. The Board noted the update.

6. **Finance and Commercial Report**

6.1. The Board received an update on the organisation's financial performance for August 2015.

6.2. The Board was advised that the format of the report was in the process of being amended. This would allow Board members to see how the Company was progressing against meeting its budget for the financial year and to present underlying reasons and comment where there were exceptions.

6.3. The Board received an update on forecast Land and Property acquisitions and performance against this budget for the current financial year. It was agreed to conduct further work to provide assurance on this budget.

Action: Duncan Sutherland/
Steve Allen

6.4. The Board noted the update.

7. **Spending Review update**

7.1. The Board received an update on the Company's preparations for the Spending Review 2015 (SR15).

- 7.2. The Board was updated on a number of options arising from the negotiations with the Treasury in relation to the Company's submission for SR15.
- 7.3. It was noted the Company needed to be clear on the risks posed to the schedule by the different scenarios under discussion.
- 7.4. [Redacted – Commercial in confidence]
- 7.5. The Board was updated on the key funding principles to be proposed as part of the settlement, and how these related to the programme Review Points as defined in the Development Agreement.
- 7.6. The Board noted the update.

8. Euston Oversight Development (OSD)

- 8.1. The Board received an update on plans for the commercial development of Euston station in line with the provision of a high speed rail station.
- 8.2. The Board noted the evolving plans for the establishment of a 'Single Entity' responsible for Euston [Redacted – Commercial in confidence].
- 8.3. The Board noted it was crucial that the other major Euston stakeholders were aware of and endorsed these plans. It was also noted that it was important that the stakeholders signed up to a single set of objectives to include:
 - Providing an excellent passenger hub
 - Being a 'good neighbour'
 - Providing a return to the Treasury on its investment
- 8.4. The Board stressed that appointing an independent chair of the Single Entity was crucial for providing credibility
- 8.5. [Redacted – Commercial in confidence]
- 8.6. The Board agreed that a risk assessment should be carried out to ensure the Company was comfortable with the level of risk.
- 8.7. The Board discussed the internal arrangements for leading on station and OSD and was advised that the Internal Sponsor would set remits to the Phase One Infrastructure Directorate for particular tasks to be completed within a particular time.
- 8.8. [Redacted – Commercial in confidence]

8.9. The Board noted the update [Redacted – Commercial in confidence]:-

9. Phase One National Grid Connections

9.1. The Board received a proposal for the Company to enter into a commitment with National Grid plc and its suppliers, allowing work to start on the provision of supply from the National Grid to Phase One of the operational railway.

9.2. [Redacted – Commercial in confidence]

10. Risk Update

10.1. The Board received an update on Risk, which included a Risk Management Strategy and a proposal for a Risk Appetite Statement.

10.2. Members discussed a number of approaches to risk and noted that the concept of a 'risk budget' could be of benefit.

10.3. Overall it was noted that an effective risk strategy was of key importance in assuring timely completion of the HS2 programme.

10.4. The Board agreed an amendment to paragraph 5.4.2 of the Risk Management Strategy to ensure it was clear the HS2 Ltd Board (as opposed to the Executive) retained control of contingency.

10.5. The Board noted the update and: -

- Approved the Risk Management Strategy (subject to the amendment noted above)
- Agreed the Company's Audit and Risk Assurance Committee would discuss the Risk Appetite Statement in more depth and refer it back to the Board for agreement.

11. Benefits Strategy

11.1. The Board received the Benefits Strategy for review and consideration. It was noted the Strategy was a key sub-strategy of the Delivery Strategy and its aim was to optimise the benefits of high speed rail.

11.2. [Redacted – Commercial in confidence]

12. Corporate Affairs Report

12.1. The Board received a regular update on the work of the Corporate Affairs Department.

12.2. The Board was briefed on plans for the communication of the Spending Review outcome and agreed to receive an update at the next meeting.

Action: Strategic Communications Adviser

12.3. The Board noted the update.

13. Date of Next Meeting – 26 November 2015

14. Any Other Business

14.1. The Board gave its thanks to XXXX, interim General Counsel and Company Secretary, who was attending her last Board meeting having reached the end of her interim appointment.

14.2. There was no further business.

Signed: