

High Speed Two (HS2) Ltd Board Meeting held on 30 July 2015

Minutes

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

Present:

David Higgins, Chair
Simon Kirby, Chief Executive
Richard Brown
Neil Masom
Roger Mountford
Alison Munro, Managing Director – Development
Jo Valentine

Apologies:

Lord Andrew Adonis
Christine Emmett
Duncan Sutherland

In Attendance:

XXXX, Department for Transport (DfT) Observer
Andrew McNaughton, Technical Director
Jim Crawford, Managing Director – Phase One Infrastructure (items 9 and 10)
Alistair Kirk, Programme and Strategy Director (items 6 and 11)
Beth West, Commercial Director
Tom Kelly, Strategic Communications Adviser
Kieran Rix, Director of Finance and Corporate Services
XXXX, interim General Counsel and Company Secretary
XXXX, Assistant Company Secretary
XXXX, Managing Director, HS2 Growth Partnership (item 13)
Colin Morris, Strategy Director (item 11)

1. Declarations of Interests

- 1.1. The Deputy Chairman advised that he had been appointed a Non-Executive Director of Network Rail Ltd and Network Rail Infrastructure Ltd. It was noted the Company's Register of Business Interests would be updated accordingly.

Action: General Counsel and
Company Secretary

- 1.2. Jo Valentine declared an interest in relation to item 10 (Phase One Infrastructure Procurement). It was agreed that Baroness Valentine could remain in the room for the discussion but would not participate in relation to part of the decision.

- 1.3. There were no further changes to the previously declared interests.

2. Matters Arising and Minutes of Previous Meeting

- 2.1. The minutes of the previous meeting were agreed as a true record and signed by the Chairman.
- 2.2. The Board noted the appointment of Lord Adonis to the Board with effect from 1 July 2015.
- 2.3. The Board reviewed the list of actions from previous meetings and discussed progress in relation to a number of matters.
- 2.4. 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. The Board noted the update.

4. Update from Remuneration Committee meetings held on 18 June and 7 July 2015

- 4.1. The Board received an update from the Chair of the Company's Remuneration Committee on the meetings of the Committee held on 18 June and 7 July 2015, which included an update on progress with the job evaluation and grading audit.

4.2. The Board noted the update.

5. **Update from Health, Safety and Environment Committee meeting held on 17 July 2015**

5.1. The Board received an update from the Chair of the Company's Health, Safety and Environment Committee on the meeting of the Committee held on 17 July 2015.

5.2. The Board noted that the Committee had received updates on a recent incident and a health and safety training matrix among other matters.

5.3. It was also noted the Committee had also received a presentation on the carbon profile of HS2 and had discussed promoting the favourable carbon emissions of train travel, compared to other forms of transport more widely.

5.4. The Board noted the update.

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

6.1. The Board received a regular update from the Chief Executive on strategic and operational matters.

6.2. The Board was advised of the forthcoming appointment of Steve Allen as Chief Financial Officer.

6.3. The Board received an update from the Managing Director – Development on the proceedings of the Select Committee and current issues under discussion.

6.4. The Board received an update on Euston.

Programme Dashboard

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

6.6. The Board received an update on workforce numbers and ongoing savings being made due to the reduction in numbers of interim staff.

6.7. The Board also received an update on progress towards meeting Review Point 1 (as defined in the Development Agreement). It was agreed the Company's Audit and Risk Assurance Committee would discuss the matter further at its next meeting.

Action: Programme and Strategy Director

6.8. The Board received an update on land access issues in relation to the commencement of Ground Investigation works and on-network works.

6.9. The Board discussed receiving a twelve month rolling programme showing key milestones for the project and it was agreed this would be brought back to the next Board meeting.

Action: Programme and Strategy Director

6.10. It was agreed that an update on the strategy for Euston and Old Oak Common and a strategy for engagement with the local community would be brought back to the next Board meeting.

Action Managing Director – Development /
Euston Development Director

6.11. The Board noted the update.

7. Health and Safety Report: June 2015

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

7.2. The Board noted the update.

8. Finance and Commercial Report and Q1 Update on the 2015/16 Budget

8.1. The Board received an update on the organisation's financial performance for June 2015.

8.2. This included updates on budgetary performance of individual departments and total headcount of the organisation. It was noted that performance on payment of invoices had improved and an update would be given to the next meeting of the Company's Audit and Risk Assurance Committee.

8.3. The Board received an update on property acquisitions and noted that an analysis of performance was currently in progress. The Board noted the latest position on the forecast outturn and noted the remainder of the update.

Q1 Update on 2015/16 Budget

8.4. The Board went on to discuss an analysis of the first quarter results of the Company for the 2015/16 year.

8.5. It was agreed the next such update would be brought back to the Board at its meeting in October 2015.

Action: Chief Financial Officer/
Director of Finance and Corporate Services

8.6. The Board noted the update and agreed to maintain a central case forecast for the 2015/16 financial year at a budget level of £404.1m based on the analysis of progress by Directors.

9. Professional Services Strategic Partner Approach

9.1. The Board received an update on proposals for the Company to enter into contracts with professional services strategic partners (PSSP) in a number of areas to assist it in the delivery of the railway.

9.2. The Board noted the progress on the proposals to date. It was agreed that more work should be carried out on the proposals in particular:

- Further development of the scope and detail of the proposals
- Development of the scope and performance and how this would be managed
- A reconciliation of PSSP costs against the overheads of the relevant departments in order to track expenditure
- How the work packages were defined to encourage small and medium sized enterprises to bid for work

Action: Commercial Director

9.3. The Board noted the update.

10. Phase One Infrastructure Procurement

10.1. The Board received a proposal for the Company to enter into procurement of an Engineering Delivery Partner and Main Works Civil Engineering contracts, in order to facilitate the construction of Phase One of the railway.

10.2. The Board received an overview of the different stages in the procurement process and the points at which these would require Board approval. It was noted that relevant milestones in the process should be added to the programme dashboard twelve month forward look.

Action: Programme & Strategy Director

10.3. The Board observed that it wished to receive regular annual updates on how the Company was performing on the Phase One infrastructure

contracts over the life of the contracts, prior to entering into future expenditure. In particular the Board wished to see details of how contract expenditure was outperforming comparator projects.

Action: Managing Director,
Phase One Infrastructure

Engineering Delivery Partner (EDP)

10.3.1. The Board received a proposal for the Company to enter into the procurement of an Engineering Delivery Partner to assist it in the construction of Phase One of the railway.

10.3.2. The Board received an overview of the next steps in the approval of the proposals and an outline of the measures being used to assess the bidders, including an assessment of their values and behaviours.

10.3.3. The Board noted the update and

- Approved the PQQ evaluation outcome and selection of the 3 shortlisted Joint Venture bidders to be considered the successful tenderers for this package¹
- Approved the initiation of the ITT stage and proposed evaluation criteria of the procurement process for the EDP Contract
- Noted that the PQQ Shortlisting and ITT Pack was subject to receiving full DfT approvals

Main Works Civil Engineering ('Civils') Contracts ('MWCC')

10.3.4. The Board received a proposal to commence procurement for the main works civil engineering package.

10.3.5. In discussion the Board confirmed the proposal to include an extra package relating to phase 2A in the procurement.

10.3.6. The Board noted the update and:

- Recommended the Category Procurement Plan for procuring the Phase 1 Main Works Civils Contracts
- Recommended the initiation of the procurement process for the Main Works Civils Contracts via the publication of the OJEU Contract Notice and Pre-Qualification Questionnaire (PQQ) in September 2015
- Noted that publication of the Pre-Qualification Pack is still subject to receiving full DfT approvals, prior to issue

¹ Jo Valentine did not participate in this decision

- Agreed to include a provision in the Phase One OJEU and PQQ for Phase 2a scope to be incorporated at a later date

11. Balanced Scorecard

11.1. The Board received an update on the Balanced Scorecard for discussion.

11.2. In discussion the Board made a number of observations for refinements and it was agreed to recirculate the Balanced Scorecard taking into account these comments.

Action: Programme and Strategy Director

11.3. It was noted the measures by which businesses would be measured against the principles in the Balanced Scorecard would be the subject of further development.

11.4. The Board noted the update.

12. Corporate Affairs report

12.1. The Board received a regular update on monthly Corporate Affairs activities.

12.2. The Board discussed developments in the coming months with regard to the wider external communications environment, including likely political and economic developments and proposals for the Company's response.

12.3. It was noted that a response by the Chairman to the first report of the Residents' Commissioner had been published earlier in the month and this would be circulated to Board members for information.

Action: Communications Director

12.4. The Board noted the update.

13. LCR/HS2 Ltd Growth Partnership Business Plan

13.1. The Board received an update on the work of the Growth Partnership to support growth and regeneration around HS2 stations and a business plan for noting.

13.2. It was noted discussions were progressing positively with a number of local authorities located around the station locations.

13.3. In discussion it was agreed to make revisions to a number of the strategic objectives referred to in the business plan to reflect Board members' comments.

Action: Commercial Director/
Managing Director, HS2 Growth Partnership

13.4. The Board noted the update.

14. Date of Next Meeting – 24 September 2015

15. Any other business

15.1. The Board approved a proposal for Board and Committee meeting dates in 2016.

15.2. It was agreed that several Board meetings would take place in Birmingham and the dates of these meetings would be confirmed.

15.3. It was agreed to circulate details of external stakeholder events to Board members.

Action: Communications Director

15.4. There was no further business.

Signed: