

High Speed Two (HS2) Ltd Board Meeting held on 17 December 2015

Minutes

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

Present:

David Higgins, Chair
Steve Allen, Chief Financial Officer (CFO)
Lord Andrew Adonis
Richard Brown
Christine Emmett
Simon Kirby, Chief Executive Officer (CEO)
Roger Mountford
Alison Munro, Managing Director – Development
Duncan Sutherland
Jo Valentine (items 1-12)

Apologies:

Neil Masom

By Invitation:

Philip Rutnam, Permanent Secretary, Department for Transport (DfT), (items 1-4)

In Attendance:

Caroline Botwood, Programme and Funding Director, DfT
XXXX, Assistant Company Secretary
XXXX, Phase Two Development Director (item 10)
XXXX, Head of Built Environment (item 13)
XXXX, interim General Counsel
Emma Head, Corporate Health and Safety Director (items 1- 3)
XXXX, Construction Logistics Director – Phase One Delivery (item 6)
XXXX, Design Manager (item 13)
XXXX, Director of Rail Systems Engineering, Engineering Operations (item 13)
XXXX, Strategic Communications Adviser
XXXX, Head of Architecture, Engineering Operations (item 13)
Alistair Kirk, Programme and Strategy Director (item 11)
Andrew McNaughton, Technical Director
XXXX, Programme Delivery Strategy Director (item 11)
Giles Thomas, Acting Technical Director (item 13)

1. Welcome, Introductions and Declarations of Interests

1.1. The Board welcomed Philip Rutnam, Permanent Secretary at DfT, to the meeting.

1.2. The following declaration of interest was made:

- The Chairman referred to a previous disclosure having been made in correspondence and confirmed he has entered into an agreement to provide advice to Lone Star Infrastructure LLC.

1.3. Duncan Sutherland advised that a company of which he is a director had provided advice to Sheffield City Council. It was agreed that a discussion would take place outside the meeting to determine the nature of the declaration to be made.

Action: interim General Counsel

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

2. Matters Arising and Minutes of Previous Meetings

2.1. The minutes of the previous meeting were agreed as a true record and signed by the Chairman.

2.2. It was agreed the Board would receive an update on regeneration at its next meeting.

Action: CFO/Commercial Director

2.3. It was agreed that the Director General for Decentralisation and Growth for the Department for Communities and Local Government (DCLG) would be invited to attend the June meeting of the Board.

Action: General Counsel/
Assistant Company Secretary

2.4. It was agreed that a discussion on Birmingham Interchange would be scheduled for the March meeting of the Board.

Action: Managing Director –
Development

2.5. The Board went on to review the list of actions from previous meetings and discussed progress in relation to a number of matters. It was agreed the action list would be updated to ensure a number of historic items were closed.

Action: Assistant Company Secretary

2.6. There were no further Matters Arising.

3. Health and Safety Report: November 2015

- 3.1. The Board received a presentation from the Corporate Health and Safety Director on the Health and Safety Strategy and Brand. The Board commended the positive work accomplished on this matter and extended its thanks to the Corporate Health and Safety Director and her team.
- 3.2. The discussion turned to a range of aspects of Health and Safety with specific reference to construction. This included arrangements to ensure a generation of children growing up around construction sites was adequately protected; and health screening arrangements, including prohibiting site entrance to anyone without a health screening passport and specific requirements for HGV drivers.
- 3.3. The Board went on to receive an update on the organisation's Health and Safety performance for November 2015 and noted the update.

4. General Discussion on Relationship with DfT

- 4.1. The Board received an update from the Permanent Secretary on the Company's relationship with the DfT and the following points were noted.
- 4.2. Among the positive developments highlighted were: the transformation of the project and the rate of progress; and the strong progress in the political sphere and a strong team at HS2 Ltd.
- 4.3. The Permanent Secretary stressed the importance of the HS2 Ltd Board providing a clear and audible voice in the months and years ahead; its role in providing a principal form of assurance to the Permanent Secretary and the DfT; and the Board's role as the corporate entity of the Company.
- 4.4. The following topics were among those covered in the ensuing discussion:
 - The importance of regeneration and its place in the governance structure
 - The Board's aspiration to create a culture of risk-taking and entrepreneurialism and its relationship to the culture of central government
 - The cultural changes the Company wishes to drive in the construction industry.
 - Preparations for Review Point 1 and the delegations to be made to the Company
- 4.5. The Board noted the update and thanked the Permanent Secretary who departed the meeting at this point.

5. Chair's Report

5.1. The Board received an update from the Chair on key developments since the last Board meeting. The update was taken as read and was noted by the Board.

6. Update on Australia visit

6.1. The Board received an update from the Chairman and the Construction Logistics Director – Phase One Delivery on a visit to Australia that had occurred during autumn 2015, which had included a visit to several major infrastructure projects currently in progress in the state of New South Wales.

6.2. The Board was given an overview of the principal schemes, which included: Pacific Complete (a highway which in part was constructed in an environmentally sensitive area); an upgrade to the Sydney Metro; West Connex (an underground orbital highway); and Project Corridor (an underground highway link to relieve capacity on two highways). In the last project the delivery entity was specifically tasked with innovating and taking risks to complete the project.

6.3. The presentation included an overview of the funding models used, innovative means of construction (including taking account of the environmental sensitivities in the region), methods of procurement and the role of the regional government.

6.4. The Board noted the update.

7. CEO's Summary and Management Information

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

7.2. The Board noted the Programme Dashboard would be circulated by separate cover later in the month.

7.3. The Board noted the update.

8. Finance and Commercial Report

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

8.2. The Board discussed Land and Property matters. The Board received an update on resourcing in the Land and Property department and agreed to receive a further update at the next meeting. The Board reaffirmed its support for a permanent head of the department to be appointed as soon as possible.

Action: CFO

8.3. It was also agreed that a Non-Executive Director would share a report on property with the CFO.

Action: Duncan Sutherland

8.4. The Board noted an update on staff salaries would be discussed at the next meeting of the Remuneration Committee.

Action: CFO/HR Director

8.5. The Board noted the update.

9. **Shaw Report on Network Rail – Draft Response**

9.1. The Board received a proposal for a draft response to a consultation on the future of Network Rail.

9.2. Members observed the response would benefit in being more overt in its discussion of enhancements to be made to the west coast mainline north of Manchester; and the importance of the quality of the 'classic compatible' rolling stock.

Action: Chief Executive

9.3. Subject to this point the Board noted the update and approved the Company's proposed response to the consultation as set out in the report.

10. **Phase Two Route Refinements**

10.1. The Board received a proposal for several refinements be made to the Phase Two route for recommendation to the Secretary of State.

10.2. The Board was briefed on the background to the original Phase Two route, as consulted on in January 2015 and which had been the subject of further advice provided to the government by the Company in March 2015. It was agreed to recirculate a slide pack that had been originally issued to the Board in support of the March discussion.

Action: Managing Director –
Development

- 10.3. The Board went on to discuss each option in more detail and the following points were made.
- 10.4. The Board agreed the proposed recommendations as set out in the report including: the proposals concerning the 'Northern Chord'; Blackburn to Normanton; avoidance of the East Midlands tunnel; a refinement to the Crewe Portal Northern Tunnel; a refinement to the East Midlands Hub (Toton) and Leeds station.
- 10.5. The following points were made in the discussion of each option:
- 10.6. Northern Chord: The Board noted the proposal was straightforward and endorsed the recommendation.
- 10.7. Blackburn to Sway: The Board was advised of a minor time penalty of approximately 11 seconds, but noted the refined route resulted in a slightly improved environmental impact.
- 10.8. East Midlands: the Board noted the proposal avoided the need for a tunnel at East Midlands airport, but that it would lead to a journey time penalty as a result. It was agreed the matter would be the subject of a further discussion.
- Action: Managing Director –
Development
- 10.9. Crewe Portal: The Board noted the proposal was straightforward and endorsed the recommendation.
- 10.10. East Midlands Hub (Toton): The Board noted the recommended shortlisted options of '01' and '02'. The Board noted that further consultation would take place with the local community to establish whether the preference was for Option 01 (track on a raised embankment) or Option 02 (track placed on an elevated viaduct). It was agreed that consultation material should be clear that discussions had taken place with the local authorities on the matter.
- Action: Managing Director –
Development
- 10.11. Leeds station: the Board endorsed the proposal for Option 02, a 'T shape' and noted this was the option preferred by local stakeholders.
- 10.12. The Board went on to discuss community engagement on the Phase Two route. It was noted that a strategic plan for communications would be brought back to the next Board meeting. The Board asked for this to be sponsored by the CEO and to be presented by the Strategic Communications Adviser.

10.13. The Board noted the update and subject to the above remarks, endorsed the recommendations of the HS2 Ltd Change Board and Executive Committee as set out in the report; and noted the Company's recommendations would now be put to the Secretary of State.

11. HS2 Ltd Scorecard

11.1. The Board received a proposal for a number of amendments to be made to the HS2 Ltd Balanced Scorecard, and for endorsement of the amended Scorecard prior to its submission to the DfT's Board Investment and Commercial Committee (BICC).

11.2. The Board reviewed and approved the proposed amendments to the Strategic Goals and Objectives as set out in slide 5 of the presentation to the meeting.

11.3. The Board also approved the deletion of the word 'and security' from the Health and Safety Strategic Goal as follows:

'HS2 will create a railway designed, built and operated to the highest health, safety ~~and security~~ standards'

11.4. The Board also approved the recommendation to add 'young people' to the Objective "To create sustainable job opportunities for local people, young people and those from diverse groups".

11.5. The Board went on to discuss the Scorecard measures in more detail. Among the topics raised in the discussion, the Board noted the target for the employment of apprentices was ambitious. It was noted the target could be refined, according to the particular contract, as required.

11.6. The Board observed that the strategy lacked specific mention of city growth strategies and asked for further work to take place in relation to objective 27 of the proposed scorecard measures.

11.7. The Board expressed concern about the administrative workload implied by the proposal, including with regard to the evaluation and monitoring of each contractor against the scorecard.

11.8. The Board asked that the proposal be revised to take the above observations into account, and referred the following recommendations to the Commercial and Investment Committee for further discussion:

- 'The HS2 Ltd Board is asked to approve the HS2 Ltd Scorecard Principles and HS2 -Ltd Scorecard Measures in order to allow the development of the Early Works Contract (EWC) and Main Works Civils Contract (MWCC) scorecards

- The HS2 Ltd Board is asked to approve HS2 Ltd's Scorecard Measures'

Action: Programme and
Strategy Director

11.9. The Board noted the remainder of the update.

12. Euston Enabling Works GRIP 3 'Line X' Option

12.1. The Board received a proposal for agreement for Network Rail to undertake Euston Station GRIP 3 (enabling works) Railway Systems works. It was noted this was due to a scope change in the adoption of the 'line X' proposal instructed by the Euston Joint Sponsor Board.

12.2. In discussion the Board agreed it would be useful for directors to attend a site tour of Euston Station and Throat and that a date would be arranged.

Action: Managing Director,
Railway Operations

12.3. Board members observed that it would be helpful in future for proposals of this kind to include near the front of the paper, a summary in simple terms of the anticipated impacts of the proposal. In particular the impacts (if any) on the local community, environment and the travelling public.

Action: Managing Director,
Phase One Infrastructure

12.4. The remainder of the update was taken as read and the Board approved the following recommendations:

- Undertaking of the new GRIP 3 to match the revised scope

[Redacted – Commercial in Confidence]

13. Presentation on Design

13.1. The Board received an update from the Design team.

13.2. The Board was advised that operational standards were in place covering Equality, Diversity and inclusion matters (EDI), and a discussion ensued about the accessibility of the operational railway, and the ability for passengers to easily load prams, wheelchairs and buggies on to trains. The

Board noted further work in regard to European design standards for platform height would be required.

- 13.3. Board members asked for a longer board briefing to take place in the near future with specific focus on the subject of viaducts and platforms.

Action: Technical Director

- 13.4. The Board was advised that a passenger panel has been established which monitors interaction with hard to reach groups and the panel includes a range of users from a wide range of backgrounds

- 13.5. The Board noted emerging technologies which included the integration of regenerative braking technology and the integration of renewable energy in the power supply. The Board encouraged the publication of these stories and the use of further innovative sessions to drive innovation involving a wide peer group.

- 13.6. The Board noted the quantity of work ongoing and observed it would be helpful for directors to receive a 'roadmap' of key decision clusters likely to be needed from the Board on design matters in the year ahead.

Action: Technical Director

- 13.7. The Board thanked the team for their presentation and noted the update.

14. Corporate Affairs Report

- 14.1. The Board received a regular update on the activity of the Corporate Affairs department, which was taken as read and noted by the Board.

15. Date of Next Meeting – 14 January 2016

16. Any Other Business

- 16.1. It was agreed to arrange a Board site visit to see the new Eurostar rolling stock.

Action: Managing Director,
Railway Operations

- 16.2. There was no further business.

Signed: