

High Speed Two (HS2) Ltd Board Meeting held on 14 January 2016

Minutes

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

Present:

David Higgins, Chair
Simon Kirby, Chief Executive Officer
Lord Andrew Adonis
Steve Allen, Chief Financial Officer
Richard Brown
Christine Emmett
Neil Masom
Roger Mountford
Alison Munro, Managing Director – Development
Duncan Sutherland
Jo Valentine

Apologies:

None

In Attendance:

Jim Crawford, Managing Director Construction (items 3 and 8)
XXXX, Procurement Governance Lead (item 8)
XXXX, Assistant Company Secretary
XXXX, Phase Two Development Director (item 9)
XXXX, interim General Counsel
Emma Head, Corporate Health and Safety Director (items 2 and 6)
XXXX, Strategic Communications Adviser
XXXX, Head of Community Relations (item 10)
XXXX, Trainee Solicitor
XXXX, acting Communications Director (item 10)
Stuart Westgate, Sponsor, HS2 Ltd (item 11)
Beth West, Commercial Director (item 8)

1. Welcome, Introductions and Declarations of Interests

1.1. There were no 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, subject to several minor amendments which would be made following the meeting.

2.2. The Board received the list of action points from previous meetings and noted progress made.

2.3. The Board was advised of the tragic death of a member of staff who had been involved in a road traffic accident in the past week.

2.4. The Board went on to discuss the Company's Death in Service policy and Motorcycle Usage policy and noted these matters would be discussed at the next meetings of the Remuneration Committee and Health, Safety and Environment Committee respectively.

Action: HR Director/
Corporate Health and Safety Director

2.5. The Board extended its deepest condolences and asked that these be passed on to XXXX family.

2.6. There were no further Matters Arising.

3. Chair's Report

3.1. The Chair reported on recent developments since the last Board meeting and a discussion took place on the presentation of the programme baseline.

3.2. In discussion it was noted the Board wished to see the following items being highlighted in the presentation:

- How different aspects of the programme will integrate with each other to form a seamless whole
- What sort of client the Company will be for major procurement items
- Interaction between directorates to avoid a risk of 'silo working'

3.3. The Board was advised that directorates were working together to present an overview of the functioning railway system as a whole.

- 3.4. In discussion the Board noted it wished to see the rolling stock strategy over time, including the balance between classic-compatible and dedicated high speed stock as the high-speed network grows, with options for cascading the classic-compatible stock.
- 3.5 It was stressed that the Board presentation should focus on how the organisation will structure itself, focussing on key assumptions and exclusions; the sponsor's requirements and in particular its requirements for the end-state functioning railway and shadow operator; and the requirements of the travelling customers.
- 3.6 The Board also wished to see more information on the Scorecard measures and how these will flow down into key performance indicators for contractors.
- 3.7 It was agreed all these matters would be addressed in the presentation of the baseline to the Board

Action: Managing Director Construction

- 3.8 The Board noted the update.

4. **Report from Commercial & Investment Committee meeting, 5 January 2016**

- 4.1. The Board received an update from the most recent meeting of the Commercial and Investment Committee and the main items of business discussed.
- 4.2. It was agreed that a document classification system should be introduced for board reports.

Action: Interim General Counsel

- 4.3. It was noted the Committee had discussed the skill set required for the Committee and had commenced a skills mapping process. It had also been agreed to invite the chair of the independent assurance panel (procurement) to the next meeting of the Committee.
- 4.4. The Board noted the update.

5. **CEO's Summary**

- 5.1. The Board received an update from the Chief Executive on the main developments of note in the past month.

- 5.2. The Board discussed progress with the Select Committee, the establishment of a Select Committee in the House of Lords and the Parliamentary timetable leading up to summer 2016.
- 5.3. The Board discussed recent evaluations of the programme by other external government bodies and noted the key issues highlighted.
- 5.4. The Board noted the update.

6. Health and Safety Report December 2015

- 6.1. The Board received an update on health and safety matters. A 'near miss' incident involving a contractor at Curzon Street was discussed. It was noted that the matter would be discussed in more detail at the next meeting of the Health, Safety and Environment Committee.

Action: Corporate Health and Safety Director

- 6.2. It was agreed that non-executives would discuss the near miss incident in more detail outside the meeting
- 6.3. In relation to an incident of verbal abuse directed at members of staff and it was noted it would be useful to examine the incidences for any lessons learnt.
- 6.4. The Board noted the update.

7. Finance and Commercial Report

- 7.1. The Board received a report on Financial and Commercial performance for the period ending 31 December 2015 and a summary of overall progress against the organisation's 2015/16 budget.
- 7.2. The Board was given an overview of the principle drivers of performance against budget and key ways to adjust performance.
- 7.3. It was noted expenditure on land and property was the subject of a board briefing which would take place immediately after the close of the Board meeting.
- 7.4. Members discussed the format of the report and noted that work was in progress to further enhance and develop the report format. It was agreed the CFO and a board member would discuss the matter further after the meeting.

Action: CFO

7.5. The Board noted the update.

8. Engineering Delivery Partner

8.1. The Board discussed the results of the evaluation assessment that had been undertaken to appoint an engineering delivery partner and received the results for approval, and in particular to recommend for appointment of the highest scoring tenderer.

8.2. The Board was advised of the principle matters the Commercial and Investment Committee wished to highlight in its findings, the Committee having discussed the matter at its previous meeting.

8.3. The Board discussed the various stages of assurance and review that a procurement proposal goes through before it is formally completed and noted proposals to raise this matter with the DfT.

8.4. The Board went on to receive an overview of the scoring of each tenderer and discussed key items for consideration including behavioural assessment, pricing factors and competencies.

8.5. It was noted the Company aims for all unsuccessful bidders to act as ambassadors for HS2 and these bidders may be interested in further procurement work as and when the opportunity arises.

8.6. Officers confirmed they believed the successful bidder would be able to integrate well with the organisation and all bidders had undergone behavioural assessments, in addition to the standard tender scoring process. The Board was briefed on an independent evaluation of the scoring process which had taken place and its findings.

8.7. The Board was briefed in more detail on the line management and reporting arrangements for the successful tenderer, to ensure a seamless approach with the HS2 organisation.

8.8. The Board noted the update and:

- Approved the Recommendation to Award and its onward transmission to the DfT's governance processes and approval Boards, in order to formalise the Company's award decision for the Engineering Delivery Partner. It was noted the next formal governance step was the DfT's Board Investment and Commercial Committee (BICC) on 15 February 2016; and

- Agreed that procurement authority for call-off utilisation of the EDP framework for a first year (2016/2017) commitment provision, based on the recommended Tenderer's pricing and HS2 Ltd workforce planning, be approved concurrent with the award decision recommendation to allow EDP mobilisation upon award.

9. Phase Two (Presentation)

- 9.1. The Board received an update on Phase Two and went on to discuss the following two principal matters:

[Redacted – Commercial in Confidence]

10. Community Engagement Update

- 10.1. The Board received an update on a proposal to recruit a network of staff to engage with local communities, in order for the Company to foster positive relations with communities along the line of the route.

- 10.2. The Board observed it was important the staff members had proper support for a challenging and individual role. The Board noted the staff members would be operating as ambassadors for the Company but would not be official spokespeople.

- 10.3. The Board discussed plans for recruitment and agreed the positions should be advertised on the Company's recruitment website. The Board noted it wished to see a diverse range of people recruited to the roles which should offer flexible working. The post holders should be proactive in reaching out to all sections of the community.

- 10.4. The Board asked to see role profiles and ask that the role title be given further consideration. It was also noted that it was important to ensure the different roles were properly co-ordinated to avoid replication.

Action: Acting Communications Director/
Head of Community Engagement

- 10.5. The Board asked the team to consider examples of good practice from other similar organisations which had developed a network of community agents and representatives.

- 10.6. The Board noted the report.

11. Regeneration Update

11.1. The Board received a verbal update on regeneration matters. It was noted that the HS2 programme played a key role in the regeneration of areas along the line of route and the Company had a key role to play. It was noted the proposals were maturing and it was agreed an update would be brought to the board in six months' time.

Action: HS2 Ltd Sponsor

11.2. The Board was updated on plans for future work in this area which included the development of joined-up work with Local Enterprise Partnerships (LEPs) and the DCLG with the aim of achieving integrated regeneration plans.

11.3. The Board discussed the governance arrangements around each station and noted these varied slightly but there were broad similarities between them and it was possible to construct a template.

11.4. It was noted in discussion that the approach to stations and the brief to local stakeholders was of key importance; and the role of the Company as a catalyst in the overall process.

11.5. The Board noted the update.

12. HS2 Ltd Scorecard

12.1. The Board received an update on the HS2 Ltd Scorecard for endorsement. It was noted that the matter had been discussed at the Board meeting on 17 December and then referred to the Commercial and Investment Committee for further discussion.

12.2. It was noted the HS2 Ltd Scorecard was a performance management tool designed to align performance and behaviours of the Company's teams and suppliers with the programme's Strategic Goals and Objectives

12.3. It was noted the CIC had considered the matter in depth and among its findings were that:

- The scorecard was a suite of performance management measures, not all of which were appropriate for a particular procurement matter
- In addition the weighting of certain objectives (such as the use of apprentices) would vary according to the particular procurement under discussion
- Certain measures could be said to be less formal objectives however there was no reason why particular matters could not form part of the formal part of a contract as appropriate

12.4 It was noted the Committee had concluded that the effectiveness of the proposed approach, in delivering the desired outcomes, would rely on the judicious selection of measures, targets and incentives in each procurement.

12.5 The Board noted the update and noted the enclosed papers for onward submission to BICC (the DfT's Board Investment and Commercial Committee). These papers included:-

- The final amendments to the HS2 Ltd Strategic Goals and Objectives (at Annex A) for approval at BICC on 18 January 2016.
- The HS2 Ltd Scorecard Principles (in a summary Annex B) in order to allow the development of the Early Works Contract (EWC) and Main Works Civils Contract (MWCC) scorecards; and for approval at BICC on 1 February 2016.
- the HS2 Ltd Scorecard Measures at Annex C (subject to any amendments being agreed with HS2 Ltd's Commercial and Investment Committee (CIC) on 21 January 2016) in order to allow the development of the Early Works Contract (EWC) and Main Works Civils Contract (MWCC) scorecards; and for approval at BICC on 1 February 2016. The Board noted the 'flow-down' of these measures and the assignment of appropriate targets would be reviewed by CIC for each contract type prior to Board endorsement.

13. Corporate Affairs Report

13.1. The Board received an update on the activity of the Corporate Affairs department.

13.2. The update was taken as read and the board noted the update.

14. Date of Next Meeting – 4 February 2016

15. Any Other Business

15.1. There was no further business.

Signed: