

High Speed Two (HS2) Ltd Board Meeting

Minutes

02 March 2017

The Boardroom 2 Snowhill, Queensway, Birmingham

Members	In Attendance	Apologies
David Higgins Chairman	[REDACTED] Director Route Wide Systems	Jo Valentine Non-executive Director
Andrew Adonis Non-executive Director	[REDACTED] Programme Director - Phase One South	
Steve Allen Chief Financial Officer	Jim Crawford (items 07, 12 and 13) Managing Director, Construction	
Richard Brown Non-executive Director	Nicole Geoghegan General Counsel and Company Secretary	
Christine Emmett Non-executive Director	[REDACTED] Hybrid Bill Delivery Director	
Mel Ewell Non-executive Director	[REDACTED] Risk Director	
Roy Hill Interim Chief Executive Officer	Emma Head Director of Corporate Health & Safety	
Neil Masom Non-executive Director	[REDACTED] Strategic Communications Advisor	
Roger Mountford Non-executive Director	Andrew McNaughton Technical Director	
Alison Munro Managing Director, Development	[REDACTED] Assistant Company Secretary	
Duncan Sutherland Non-executive Director	David Prout Department for Transport (DfT), Observer	
	Mark Thurston Observer	

1. Welcome and Declaration of Interest

- 1.1 The Board noted that this was the last Board meeting for the Interim Chief Executive Officer and thanked him for the contribution and progress made to the organisation during his time.
- 1.2 The Board welcomed the newly appointed Chief Executive Officer who was in attendance in observatory capacity ahead of formal appointment to the Board.
- 1.3 The Board noted Jo Valentine's declaration of interest in Heathrow Southern Railway Ltd which will be added to the register.
- 1.4 The Board discussed and agreed that for the first six months of the new Chief Executive Officers appointment, delegation of accounting officer rights will be passed to the Chief Financial Officer for any CH2M accounts.

2. Minutes of the Previous Meetings 02 February 2017, 15 February 2017 and Matters Arising

2.1 The minutes of the meeting 02 February and 15 February were agreed as a true record.

3. Health and Safety Report

3.1 The Board noted the Health and Safety report for January 2017.

3.2 The Board received an update on the activity to improve near miss reporting.

3.3 The Board discussed the lessons learnt for the health, safety and environment activities which can be scaled down or omitted for future phases of the projects.

4. HS2 Principal Designer (CDM) Policy

4.1 The Board were asked to consider the revised policy which has been introduced following the Construction Design and Management Regulations 2015 (CDM 2015).

4.2 The Board were advised that this is a fundamental legislation change which impacts the programme in terms of the change in emphasis of the duty of the principle designer.

4.3 The Board discussed the fact that as the legislation is not designed for the project which requires a need for integration throughout which can never be completely delegated. The key is to be clear at all stages who is responsible.

4.4 The Health and Safety Executive have been sighted on the approach undertaken by HS2 Ltd.

4.5 The Board approved the policy.

5. Summary of HS2 Board training needs

5.1 The Board noted the proposal for the training day which was suggested following the meeting of the Health, Safety and Environment Committee.

5.2 The Board are keen to understand the duties of HS2 Ltd as an organisation as well as from them as Board members.

5.3 **It was agreed that two dates for the training will be offered to the Board.**

Action: Emma Head

6. Report from Commercial and Investment Committee - 15 February 2017

6.1 The Board received a verbal update from the Chair of the Commercial and Investment Committee (CIC).

- 6.2 Roy Hill left the meeting whilst items, o6, o7 and o8 were discussed.
- 6.3 Mark Thurston did not participate in discussions for items o6, o7 and o8.
- 6.4 At the meeting on 15 February 2017, the CIC considered the below items:
 - 6.4.1 Procurement authority for the services planned to procure the engineering delivery partner (EDP) under their framework;
 - 6.4.2 Approval to issue the invitation to tender (ITT) via an Open OJEU procedure for the Independent Assessment Support Contract (NoBo, DeBo, AsBo), and
 - 6.4.3 Update on the outcome of the Owner Controlled Insurance Programme (OCIP) pre-qualification questionnaire (PQQ).
- 6.5 The CIC recommended the procurement for the EDP to the Board. The Committee drew the Boards attention to the below observations it had made:
 - 6.5.1 The Committee asked about the provision of management information (MI) so that the Board can be informed on progress to track whether HS2 Ltd receives value for money and that the contract runs in budget.
 - 6.5.2 The Board were updated that the MI is under development to track spend against contracts including information on the indirect budgets.
 - 6.5.3 The Committee also raised that it is key to be informed in advance should spend be moving away from tracked budget.
- 6.6 The Committee Chair drew the Boards attention to the below observations in relation to the approval to issue the ITT via an Open OJEU procedure for the Independent Assessment Support Contract (NoBo, DeBo, AsBo):
 - 6.6.1 The Committee had discussion regarding the possibility of conflict of interest and were satisfied with the continuous management process and intermediate statement of verification process advised by management.
 - 6.6.2 The Committee noted that the DfT 'Specialist Technical Advice for Rail (STAR)' Framework was not recommended for this contract. The Committee recommended that DfT be written to in order to have this on record which management had since actioned.
 - 6.6.3 The Committee discussed any potential impact from the exit from the EU and change to standards. The Committee were advised that there is a mechanism to stop calling off the framework and let a new one if required.
- 6.7 The Committee Chair updated the Board on the outcome of the Owner Controlled Insurance Programme (OCIP) pre-qualification questionnaire (PQQ).

6.8 The Board noted that the response from the market has been very positive and that competitive options are anticipated.

7. EDP Procurement Authority 2017/18

7.1 The Board noted the comments from the CIC minuted in 6.5.1 to 6.5.3 and approved the procurement authority to procure services from EDP, under the EDP Framework Agreement, from April 2017 to March 2018 (Contract Year 2) of up to £40.811m, on the condition that management put in place adequate reporting. An update on this should be taken to the Board or CIC as appropriate as to tracking and monitoring. It was agreed that this action will be scheduled for June 2017.

Action: Mark Thurston/ Steve Allen

8. Independent Assessment Support Contract AsBo/NeBo/DeBo ITT

8.1 The Board noted the comments from the CIC minuted in 6.6.1 to 6.6.3 and raised the following observations:

8.1.1 The Board noted that the change to the terms in the contract.

8.1.2 The Board discussed the concern that procurements such as this have potential to preclude smaller bidders. Due the closely related activities, the combined approach for this package is to avoid duplication.

8.1.3 The Board noted that there are a series of supply chain workshops on the areas of procurement coming up so that all business can be informed.

8.1.4 The Board approved the publication of the Contract Notice and the Invitation to Tender for the Independent Assessment Support Contract.

9. Update from the special Audit and Risk Assurance Committee 07 February 2017

9.1 Roy Hill re-joined the meeting.

9.2 The Board received an update from the Chair of the Audit and Risk Assurance Committee (ARAC) which had an extraordinary meeting on 07 February 2017.

9.3 The additional ARAC considered the strategic risks for the organisation and three deep dives on land and property and readiness to deliver Compulsory Purchase Orders, resourcing and capability landscape (focus on ERP).

9.4 The Board noted that a key area of focus is required for aggregated risk around capability and systems.

9.5 **It was agreed that the Board will receive a briefing on IT capability and this will be added to the forward look.**

Action: [REDACTED]

- 9.6 The Chair of the ARAC advised the Board that the identification of the risks has moved forward together with the ability to scrutinise risks and the quality of the presentation.
- 9.7 The Committee will continue to look at the risks where there is no mitigation and keep these in focus.
- 9.8 The Board discussed the possibility of algorithms to interrogate the data.
- 9.9 The ARAC Chair informed the Board that the 09 month management assurance statement has been submitted with the Committee being impressed with the improved quality of the responses.
- 9.10 The Board asked for a view of the line of contracts with an overlay of the systems required to deliver them.
- 9.11 **It was agreed that the presentation from the interim CIO will be circulated to the Board.**

Action: [REDACTED]

- 9.12 The Board received a presentation on assurance and the integrated assurance and approvals plan (IAAP).
- 9.13 The Board discussed the risk appetite statement which will be reviewed by the ARAC and taken back to the Board following the ARAC review.
- 9.14 The Board discussed the elements and next steps for the IAAP and approved the document subject to the addition of Euston Master Development Partner.

10. Strategic Risks and Integrated Assurance and Approvals Plan

- 10.1 This item was covered with item 09 and the decision is captured in minute 9.13.

11. Verbal Update from the Inaugural Nominations Committee

- 11.1 The Board received a verbal update from the inaugural Nominations Committee.
- 11.2 The Committee considered the review of appointments to the Board.
- 11.3 The Committee has been asked to oversee the Board member appraisals which will begin with Richard Brown.
- 11.4 **The Board discussed the Board effectiveness review and agreed to receive a summary of actions and closures from the 2016 review.**

Action: Nicole Geoghegan

- 11.5 The Board will conduct an internal effectiveness review and Roger Mountford will provide material to contribute to the structure of the approach.

12. Euston Mitigation Matters

- 12.1 The Board noted the paper seeking approval of Euston Mitigation Measures (EMM) option P7.2.

12.2 The Board noted that the Secretary of State for Transport has been presented with the proposal.

12.3 **The Board requested assurance for the technical sign off of the structure and also for the gradient on the switches and crossings.**

Action: Andrew McNaughton

12.4 The Board noted that the approval works on the gradient at 0.85 with the aspiration to improve.

12.5 Additional performance enhancements can be captured in further refinements of design.

12.6 The Board discussed the technical elements of the option including retaining walls and drainage.

12.7 The Board discussed the alignment of expectations with contractors, stakeholders and the supply chain.

12.8 The Board discussed the fit for purpose risk and where the liability will rest for such a risk.

12.9 The Board approved option P7.2 subject to correspondence with the Secretary of State for Transport regarding the risk of fit for purpose.

12.10 The Board noted that the option does not take on the IPA recommended gradient, accepting the current working based on the additional appendix.

12.11 The Board noted that there will be an expert panel for the LOD3. It was agreed that the Terms of Reference and regular reports will be brought to the Board.

12.12 **A note of how technical assurance will be done across the project will be brought back to the Board.**

Action: Andrew McNaughton

13. Main Works Civils Procurement: alignment with BL6.1

13.1 The Board received an update on the timeline for the planning and capability for the Main Works Civils Contracts (MWCC) procurement.

13.2 The assurance work is ongoing through lines of defence (LOD) one to three with a series of check points reported to the CEO.

13.3 The Board noted that at the May 2017 meeting, agreement will be requested for release of information into the Project Assessment Review (PAR).

13.4 The Board noted that the initial appraisals for the MWCC have been concluded and lessons learnt through feedback for the stages is included as part of BL6.1.

14. Standing Land and Property Update

14.1 The Board noted the land and property update and that 319 compulsory purchase notices had been issued following Royal Assent.

15. Hybrid Bill

15.1 The Board noted the paper which was provided to provide an overview of the key successes, lessons for Phase Two and the process for the transition into the next phase of delivery.

15.2 The Board noted the rate of the progress and the improvement in relationships.

15.3 The Board discussed the high level of work and professionalism and the lessons learnt.

16. Board Future Workload

16.1 The Board noted the forward workload for the Board.

16.2 The changes discussed were agreed to be added to the forward look for the next meeting.

17. CEO's Summary and Programme Dashboard

17.1 The Board noted the CEO Summary and Programme Dashboard.

18. Chairs Report

18.1 The Chairman had no further points to add.

19. Corporate Affairs Report

19.1 The Board noted the report from Corporate Affairs for January 2017.

19.2 The Strategic Communications Adviser informed the Board that the results from the recent survey, the summary of which were positive.

19.3 The Board discussed the future stakeholder engagements which can be planned into the year.

20. Any Other Business

20.1 **Rolling Stock Industry Day:** The Board were advised that the industry day will be held on 27 March 2017 and that details will be provided via email.

Action: [REDACTED]

20.2 **Interim CEO views on the internal key challenges:** The departing interim CEO was asked to provide views. It was noted that there have been some great successes and it is important to celebrate the achievements to date. The key challenges outlined included development of organisational capability, culture, diversity and training.

Signed:

Date: