

High Speed Two (HS2) Ltd Board Meeting

Minutes

12 January 2017

The Boardroom, One Canada Square, Canary Wharf

Members	In Attendance	Apologies
David Higgins Chairman	[REDACTED] Director Route Wide Systems	Steve Allen Chief Financial Officer
Andrew Adonis Non-executive Director	[REDACTED] Programme Director - Phase One South	Jo Valentine Non-executive Director
Richard Brown Non-executive Director	Jim Crawford (items 05, 06, 08, 09) Managing Director, Construction	
Christine Emmett Non-executive Director	Nicole Geoghegan General Counsel and Company Secretary	
Mel Ewell (left the meeting at 13:10) Non-executive Director	[REDACTED] Strategic Communications Advisor	
Roy Hill Interim Chief Executive Officer	Andrew McNaughton Technical Director	
Neil Masom Non-executive Director	[REDACTED] Deloitte	
Roger Mountford Non-executive Director	[REDACTED] Assistant Company Secretary	
Alison Munro Managing Director, Development	David Prout Department for Transport (DfT), Observer	
Duncan Sutherland Non-executive Director	Beth West (items 07, 08, 09) Commercial Director	

1. Declaration of Interest

- 1.1 The Chairman discussed his conflict of interest due to his new role with Gatwick Airport Limited.
- 1.2 The DfT have provided written guidance around the role as follows:
 - 1.2.1 "... you would not and do not engage with the business of HS2 Ltd in so far as it affects:
 - 1.2.2 either the anticipated consultation on an Airports National Policy Statement (relating to Heathrow) or any future Aviation Policy Strategy (which may be relevant to Gatwick and other UK airports);
 - 1.2.3 any input into future high speed rail strategy or HS2 service or operational decision which might allow for better (or worse) connections to airports;
 - 1.2.4 any other input having any other bearing (positive or negative) on airports in which Global Infrastructure Partners (GIP) has an interest (or having a bearing on their competitor airports."

1.3 There were no additional declarations.

2. Report from the Commercial and Investment Committee

2.1 The Board noted the report provided by the Chair of the Commercial and Investment Committee (CIC) from the meeting of 15 December 2016 which had reviewed items 03, 04 and 05 on the Board agenda.

3. Specialist Security Services Procurement Strategy

3.1 The Board noted the paper and the updated approach HS2 Ltd takes to the delivery of security, the planned establishment of an auditable decision/ action framework and that a media handling plan has been developed to support the procurement.

3.2 The Hs2 Ltd Board approved the revised Specialist Security Services procurement strategy.

4. Neutral Vendor – recommendation to issue ITT

4.1 The Board noted the information in relating to the Invitation to Tender (ITT) for the permanent, temporary and interim workers recruitment service.

4.2 The Board noted that the service is only for recruitment of required numbers and so there won't be potential for oversubscription.

4.3 The HS2 Ltd Board approved the issue of the ITT via a further competition.

5. Provision of Old Oak Common Site to HS2 – Depot Decommissioning

5.1 The Board noted the paper detailing the requirement for the clearance of the first great western site, required to commence tunnel boring machine launches and the critical works to be completed by December 2017.

5.2 The work required will be delivered in four tranches work. Following extensive stakeholder management the Board were asked for agreement for Network Rail (NR) to deliver stages one, two and part of stage three.

5.3 The work is a Secretary of State (SoS) milestone under obligation of the Development Agreement.

5.4 HS2 Ltd have received correspondence from the Department for Transport (DfT) that the SoS will retain liabilities for uncontrollable issues. Subject to continual communication HS2 Ltd will be afforded relief on cost and time slippage.

5.5 HS2 Ltd have agreed an initial estimate from NR and the GRIP4 process will refine the estimate which will be actively managed with NR seeking to convert those prices to target price for surety.

5.6 The Board discussed the financials which were provided in the paper and on the ToC compensation figure.

5.7 **It was agreed that management will revisit the application of schedule four in a depot and will provide an explanation of the elements of the compensation. There will also be a briefing opportunity for the Board outlining the work stages with summary of risks and opportunities.**

Action: Jim Crawford/ [REDACTED]

5.8 The Board discussed the controls for the spending of contingency and it was confirmed that there would be no release of finance above P50 without the approval of the HS2 Ltd Board.

5.9 **The Board requested validation of the obligations and liabilities regarding Health and Safety due to the introduction of new regulations. Management confirmed that they will check the position with the outcome being circulated for the portfolio.**

Action: Jim Crawford/ [REDACTED]

5.10 The HS2 Ltd Board approved:

5.10.1 The proposal that HS2 Ltd acts as 'client' for the performance of the work described in this paper (instead of DfT) based on the risk position outlined;

5.10.2 The amendment of the Development Agreement to reflect the position; and

5.10.3 The issue and sign off of a Remit under the FIA as agreed in August 2016, to deliver Stages 1, 2 and Stage 3 (in part) instead of the Implementation Partnership Agreement (IPA).

6. Langley

6.1 The Department for Transport (DfT) have requested remobilisation of the Langley Depot. Fundamentally to avoid losing time and add leverage on the alternatives, HS2 are looking to reengage.

6.2 The Board noted that there is opportunity to review the progress in March 2017.

6.3 There are workshops for scope with NR for the management of design and cost.

6.4 The HS2 Ltd Board approved that HS2 prepare a plan to fully remobilise to prepare to deliver Langley Depot.

7. Proposal for Hs2 Supply Chain Innovation Financing Vehicle: Concept Stage

7.1 The Board noted the paper for the proposal for a HS2 Ltd Supply Chain Innovation Financing Vehicle.

- 7.2 The proposal for the concept stage is for innovation and technology focus to deepen and strengthen tiers and the supply industry. There is work with the technical directorate and innovation to support and advocate different financing options.
- 7.3 The Board noted that the innovation strategy joins with commercial and aims to corral government initiatives.
- 7.4 The Board discussed the opportunity for wider engagement with the finance world who wouldn't necessarily think to partner with HS2.
- 7.5 The Board discussed the intention to map the supply chain which is very valuable and can be used in the dialogue with potential bidders.
- 7.6 The Board discussed the industrial strategy .The HS2 Ltd Board were clear that it will not ever compromise processes in light of the discussion.
- 7.7 **It was agreed that HS2 would develop conversations with ministerial and DfT stakeholders regarding the industrial strategy.**

Action: Beth West

- 7.8 The HS2 Ltd Board approved to recommend to the to the Secretary of State for Transport and subsequently to the Secretary of State for Business, Energy and Industrial Strategy (BEIS) that in order to support the UK supply chain, a financing vehicle be created that would create different types of financing specifically for UK-based HS2 supply chain for companies developing new products or services for the benefit of HS2.

8. Health and Safety Incident Update

- 8.1 The Board receive a verbal update following a Health and Safety Incident.
- 8.2 The Board discussed the circumstances around the incident and the health status of the injured party (IP).
- 8.3 HS2 Ltd met with the Project Manager and have classed the incident as a high potential event.
- 8.4 The Board noted that works have been stopped and that there is an investigational piece ongoing, due to last two weeks.
- 8.5 **The Board requested that the previous healthy and safety record be reviewed and that the managing director of the organisation attend the March Board for a review of the leadership and lessons learnt.**

Action: Emma Head

9. Euston Oversight Development: Further detail on commercial principles

- 9.1 The Board received an update on the Euston Oversight Development further to the original request for commercial principles.

- 9.2 The intention is for the appointment of a master development partner (MDP) with intention to issue the PQQ in May 2017 to allow for a more holistic and integrated planning approach.
- 9.3 HS2 Ltd will act as the agent and therefore retain control of the project.
- 9.4 The masterplanning process will ask for all of the outcomes and will link In KPIs for incentivisation to drive best value and schedule.
- 9.5 **The Board noted the timing of the pre-qualification pack and requested an update to the Board in March.**

Action: Jim Crawford

- 9.6 The Board approved option A: "full service" development partnership as detailed in the paper.

10. Standing Land and Property Update

- 10.1 The Board noted the Land and Property update.

11. Phase 2a post meeting note

- 11.1 The Board noted the post meeting note for Phase 2a developments.

12. Verbal update from Audit and Risk Assurance Committee

- 12.1 The Board received a verbal Update from the Audit and Risk Assurance Committee held on 11 January 2017 which was focussed on the year end process and timetable.

13. Verbal update from the Remuneration Committee 15 December 2016

- 13.1 The Board received a verbal update from Remuneration Committee held on 15 December 2016

14. Board Future Workload

- 14.1 The Board noted the forward workload of planned items.

15. Chairs Report

- 15.1 The Chairman had nothing further to add from the updates given during the meeting and at the Board dinner the previous evening.

16. CEO's Summary and Programme Dashboard

- 16.1 The Board noted the CEO Summary and Programme Dashboard.

17. Health and Safety Report

- 17.1 The Board noted the Health and Safety report for November 2016 and discussed the increase in accident frequency rates (AFR) which will be reviewed following the previously discussed health and safety incident.

18. Corporate Affairs Report

18.1 The Board noted the report from Corporate Affairs for November 2016.

18.2 The Board received update on the five consultation events on phase 2b and that attendance was exceeding previous events.

19. Minutes of the Previous Meeting and Matters Arising

19.1 The minutes from the meeting of 08 December 2016 were agreed as a true record.

20. Any Other Business

20.1 There were no further additional items discussed.

Signed:

Date: