

**High Speed Two (HS2) Ltd Board Meeting  
Minutes  
05 October 2017  
Boardroom, 2 Snowhill, Birmingham**

<b>Members</b>	<b>In Attendance</b>	<b>Apologies</b>
David Higgins Chairman	Jim Crawford (item 08) Managing Director, Construction	██████████ Strategic Communications Advisor
Steve Allen Chief Financial Officer	Nicole Geoghegan General Counsel and Company Secretary	
Richard Brown Non-executive Director	Michael Hurn Department for Transport, Observer	
Christine Emmett Non-executive Director	██████████ ██████████ Corporate Sponsorship Director	
Mel Ewell Non-executive Director	Andrew McNaughton Technical Director	
Mark Thurston Chief Executive Officer	██████████ ██████████ Deputy Company Secretary	
Neil Masom Non-executive Director	██████████ ██████████ Commercial Development Director	
Roger Mountford Non-executive Director		
Duncan Sutherland Non-executive Director		
Jo Valentine Non-executive Director		

**1. WELCOME AND DECLARATION OF INTEREST AND VALUES MOMENT**

- 1.1 The Deputy Chair gave a values moment with regard to leadership and the importance of sharing feedback and support.
- 1.2 Jo Valentine declared an interest in Blackpool. It was agreed that no business of this meeting would give rise to any conflict.
- 1.3 It was agreed that the Company Secretary will give advice to Duncan Sutherland regarding the High Speed Two Growth Partnership.

**Action: Company Secretary**

- 1.4 Richard Brown advised that he is no longer a director of the DfT.

**2. MINUTES OF THE PREVIOUS MEETING AND MATTERS ARISING**

- 2.1 The Board discussed a renewed focus will be applied to the forward look and Board briefings.
- 2.2 The appointment of the Euston Development Partner is an upcoming matter for approval and it is important to get visibility and timings right. It was agreed that a small working group will review the approvals process in the coming months.
- 2.3 The minutes of the meeting 07 September 2017 were agreed as a true record.
- 2.4 The status of the actions were noted.

2.5 The Board noted the briefing paper appended to the actions providing an update on Track Access and negotiation of the Train Service Specification. The following key points were raised:

2.5.1 The Board needs to consider how it will monitor and engage with the franchising process;

2.5.2 The Board discussed the importance of clarity on how track access to the new HS2 network is to be regulated. HS2 Ltd will be the infrastructure manager and as such will have to manage the access rights.

2.5.3 The Observer for the DfT confirmed that there is a large work stream for the total network which will inform regulator dialogue on services, timetabling and access;

2.5.4 The Board noted the government's strategic and economic case and that this is not enshrined in the access rights;

2.5.5 **It was agreed that the DfT will be invited to attend the December Board to explain the current work on access rights;**

**Action: Michael Hurn**

2.5.6 **It was further agreed that the Technical Director will develop a business case outlining threats to output benefits which will be circulated at the Tripartite Cooperation Board (TCB) and the DfT.**

**Action: Andrew McNaughton – agreed to be re-assigned to Chris Rayner**

2.5.7 **The Board requested a further status update in circa 3 months' time.**

**Action: Chris Rayner**

2.6 The Department noted the briefing paper appended to the actions on noise. The following key points were raised:

2.6.1 The Board discussed the issue and its cross-directorate impact and so the focus of solution must be wider than merely the design of the rolling stock;

2.6.2 The Board discussed undertakings and assurances generally and the risks contained therein;

2.6.3 **It was agreed that a paper on noise be reviewed by the Audit and Risk Assurance Committee (ARAC) to return to the Board in early 2018.**

**Action: Andrew McNaughton**

2.7 The Board noted the Community Engagement Strategy.

### **3. CEO MONTHLY REPORT AND MANAGEMENT INFORMATION**

3.1 The Board noted the CEO Summary and the August Monthly Report.

3.2 The following key points were raised:

- 3.2.1 The Board provided feedback with regard to the CEO report and requested a summary of the top three risks and successes in future Monthly Reports;
- 3.2.2 The Board noted the ongoing development of Management Information (to provide key indicators and clear milestone key performance indicators to enable tracking of progress);
- 3.2.3 The Board noted the ongoing preparation for the Public Accounts Committee (PAC) in late October;
- 3.2.4 The actions from the recent internal audit will be added to the existing tracker;
- 3.2.5 [REDACTED]  
[REDACTED] Jo Valentine and David Higgins did not participate in the discussion of this matter;  

**Action: Richard Brown**
- 3.2.6 The Board requested written confirmation from [REDACTED] as to the VAT treatment of property purchases;  

**Action: Steve Allen**
- 3.2.7 Company Secretariat will add the corporate plan and quarter three planning to the Board forward look;  

**Action: Nicole Geoghegan**
- 3.2.8 The Board requested a breakdown of the land and property budget e.g. rural and commercial properties; and  

**Action: Steve Allen**
- 3.2.9 The Board requested follow up on the college loan.  

**Action: Steve Allen**

**4. REPORT FROM COMMERCIAL AND INVESTMENT COMMITTEE 29 AUGUST 2017**

- 4.1 The Board noted the report from the Commercial and Investment Committee.

**5. ROLLING STOCK: INVITATION TO TENDER SHORTLIST RECOMMENDATION**

- 5.1 The Board noted the paper and commended on the content, endorsing shortlist recommendation for onward transmission to BICC.

**6. VERBAL UPDATE FROM THE NOMINATIONS COMMITTEE 22 SEPTEMBER 2017**

- 6.1 The Board noted the update from the Nominations Committee.

**7. FEEDBACK FROM THE BOARD EFFECTIVENESS REVIEW**

- 7.1 The Board noted the update from the Board dinner on the Board Effectiveness review. The Board agreed that an open day should be scheduled for Spring 2018, for a wide range of stakeholders.

- 7.2 **The Board formally requested a review of the Remuneration Committee terms of reference, to return to the Board.**

**Action: Nicole Geoghegan**

**8. COMMERCIALISATION/ DEVELOPMENT STRATEGY FOR STATIONS AND THIRD PARTY FUNDING PRINCIPLES**

- 8.1 The Board noted the paper requesting:
- 8.1.1 Agreement of the proposed approach for each Phase 1 station;
  - 8.1.2 Agreement in principle, and subject to the approval of final investment cases and adherence to the Commercial Development principles, that HS2 Ltd funds the inclusion of enabling works to facilitate commercial development opportunities at Old Oak Common and Birmingham Curzon Street;
  - 8.1.3 Agreement in principle, and subject to adherence to the Third Party principles, that HS2 Ltd enters into agreements with Third Parties to perform non-core scope at Old Oak Common, Interchange and Birmingham Curzon Street;
  - 8.1.4 Agreement to delegate authority to the HS2 Ltd Executive Committee to take all relevant steps to formalise station scope change, using the Change provisions of the Development Agreement; and
  - 8.1.5 Noting of the work underway between HS2 Ltd and DfT to update the Development Agreement to include general provisions relating to Commercial Development and working with Third Parties in line with the principles set out in this paper.
- 8.2 The Board noted that management have a challenging timeline and the proposal to the Board is to identify a series of principles which will be used to develop the work.
- 8.3 To the extent that a version of the paper is to be prepared for submission to DfT, the following is to be added:
- 8.3.1 A section at the start of the paper setting out the overarching context;
  - 8.3.2 That the 'rules' set out in the paper are gates which can be opened subject to the terms of a business case;
  - 8.3.3 A business case will be prepared for [REDACTED] [REDACTED] This business case will also cover the funding source/s and also report on the governance/delegations arrangements; and
  - 8.3.4 The governance for each business case will be: Commercial & Investment Panel, Commercial & Investment Committee and then the Board.

- 8.4 The Board noted that in the event of any potential for works outside of scope, variation and change control processes will be adhered to and agreed with the DfT (and, where relevant, HMT).

## **9. UPDATE FROM AUDIT AND RISK ASSURANCE COMMITTEE**

- 9.1 The Board noted the ARAC report and discussed the GIAA audit report commissioned by the DfT Permanent Secretary following qualification of the HS2 Ltd Accounts to identify lessons and changes to help improve practice at both the DfT and HS2 Ltd. The Board noted the final audit report.

- 9.2 The following key points were raised and noted;

9.2.1 The Board discussed the importance of HS2 Ltd developing a fully detailed action plan to deal with the areas raised in the audit.

9.2.2 HS2 Ltd will prepare a formal response to the DfT and that this will be developed with Chris Emmett, as Chair of the Remuneration Committee and Neil Masom as Chair of the Audit and Risk Assurance Committee;

9.2.3 Noting the observations in the report as to the informal manner of communications between the parties, the Board discussed the opportunity to reset the relationship between the DfT and Hs2 Ltd;

9.2.4 The Board noted the recommendation for expected protocols for communication and agreement with the shareholding relationship and discussed the importance of clarity of key responsible stakeholders in such matters;

9.2.5 The Chair of the Audit and Risk Assurance Committee confirmed that the Committee had been through the management action plan arising from the 2016/17 National Audit Office Audit in detail for each action;

9.2.6 A factual inaccuracy will be clarified to the DfT in relation to the activities of the Remuneration Committee; and

9.2.7 **The Board discussed previous audits on IT and enterprise resource planning (ERP) and requested an update in the next CEO report.**

## **10. VERBAL UPDATE FROM REMUNERATION COMMITTEE**

- 10.1 The Chair of the Remuneration Committee updated the Board on the business considered earlier on 5 October by such Committee, relating to three senior Executive roles, being a new HR Director, Strategic Communications Director and Chief Operating Officer.

- 10.2 The Chair of the Committee advised the Board on the advice and recommendations of the Committee and the further work that Management agreed to do prior to the decisions relating to the second and third roles being submitted to the Secretary of State.

- 10.3 There are strong candidates for all three roles and the Department is supportive.
- 10.4 The CEO also advised the Board as to the resignation of [REDACTED]

**11. UPDATE FROM PROGRAMME COMMITTEE**

- 11.1 The Board noted the draft minutes from the Programme Committee.
- 11.2 The Committee Chair raised the following key points:
  - 11.2.1 The Committee will continue to observe the situation [REDACTED] [REDACTED] Jo Valentine and David Higgins did not participate in the discussion on this point;
  - 11.2.2 There will be continuing feedback on the reporting/ milestones/ KPI's;
  - 11.2.3 The Committee had received a brief update on a health and safety incident which will be considered by the health and safety forums following investigation; and
  - 11.2.4 The Chair of the Remuneration Committee was briefed on the importance of testing HS2 Ltd as an exemplar employer following discussion on front line capability.

**12. CORPORATE AFFAIRS REPORT**

- 12.1 The Board noted the report from Corporate Affairs.

**13. BOARD FUTURE WORKLOAD**

- 13.1 The Board noted the forward workload for the Board.
- 13.2 **Company Secretariat will map actions from the Board strategy day to the forward look.**

**Action: Nicole Geoghegan**

**14. CHAIRS REPORT**

- 14.1 The Chairman had no further points to add.

**15. ANY OTHER BUSINESS**

- 15.1 There were no additional items of business raised.

**Signed:**

**Date:**