

Schedule of Requirements (SOR)

Independent Board Effectiveness Review

Ref: HS2/536

1 Introduction

1.1 HS2 Ltd is a company limited by guarantee, established by incorporation under the Companies Act. It has a sole member, the Secretary of State, for whom it is remitted to undertake work. HS2 Ltd is funded from the public purse by grants-in-aid from the Department for Transport (DfT). HS2 Ltd is also an Executive Non Departmental Public Body (NDPB) sponsored by the Secretary of State. HS2 Ltd is sponsored and wholly funded by the DfT and the Board of Directors is appointed by the Secretary of State. The Board is chaired by Sir David Higgins. At the date of this ITT there are ten further Board members, including Non-Executive directors, CEO, CFO and Director (Development).

1.2 Details of HS2 Ltd's remit are set out in the below Development Agreement, which can be accessed here:

<https://www.gov.uk/government/publications/hs2-development-agreement-december-2014>

1.3 Details of the governance arrangements between HS2 Ltd and the Secretary of State are set out in the Framework Document which can be accessed here:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/399553/Framework_Document_December_2014_Signed.pdf

2 Background to requirement

2.1 High Speed 2 (HS2) Ltd ("The Employer") is the company responsible for developing and promoting the UK's new high speed rail network and is wholly owned by the Department for Transport (DfT). The HS2 programme is one of the largest rail projects in Europe. More details are available from the Employer's website www.hs2.org.uk.

2.2 The Employer aspires to follow best practice in corporate governance. As part of its compliance with the UK Code of Corporate Governance, the Employer is required to regularly report on the steps it has taken to evaluate the effectiveness of its Board.

2.3 It is generally accepted that Board Effectiveness Reviews should be periodically conducted by an external facilitator, as per the UK Corporate Governance Code and guidelines laid down by the Financial Reporting Council on board effectiveness. Externally-facilitated board evaluation is adopted by most companies.

2.4 The Board is therefore seeking to appoint the services of an independent specialist board evaluator/corporate governance consultancy to conduct this year's Board Effectiveness Review.

2.5 The Board Chair will be able to act on the results of the performance evaluation by recognising the strengths and addressing the weaknesses of the board and proposing actions where necessary.

3 Requirements

3.1 The Board Effectiveness Review should cover the following principal areas:

- how the board works together as a unit, and the tone set by the chairman and the CEO;
- clarity of, and leadership given to, and the purpose, direction and values of the company;
- key board relationships, particularly chairman/CEO, chairman/company secretary and executive/non-executive;
- the mix of skills, experience, knowledge and diversity on the board, in the context of the challenges facing the company;
- effectiveness of board committees, and how they are connected with the main board;
- the approach to succession and development planning;
- quality of information provided on the company and its performance;
- quality of papers and presentations to the board;
- quality of discussions around individual proposals;
- process the chairman uses to ensure sufficient debate for major decisions or contentious issues;
- effectiveness of the secretariat;
- clarity of the decision processes and authorities;
- processes for identifying and reviewing risks; and
- how the board communicates with, and listens and responds to stakeholders.

3.2 Specifically, the selected Supplier will be required to undertake the following activities:

- Briefing with the Chair;
- Observation of the Audit and Risk Assurance Committee meeting on 23 March 2016 in London;
- Review of Board Papers (from the previous year);
- Observation of a Board meeting on 7 April 2016 in Birmingham;
- One to one interviews with the 11 Board members (including the Chair) and Company Secretary;
- Production of draft report for comments (setting out the key areas for improvement and/or areas of excellence, progress made, suggested actions planned and timescales);
- Production of a final report and debrief with Chair; and
- Debriefing of the whole Board on 5 May in London.

3.3 Suppliers should note that the Employer will arrange the necessary meetings with the 11 Board members, including the Chairman as set out in 3.2. It is imperative that the selected Supplier is available for the whole period where it is expected that the one to one meetings will take place. Suppliers should note that due to the availability of Board members, each meeting should ideally take no longer than one hour.

3.4 It is also imperative that the selected Supplier is available for the two days where it is expected that the two Board meetings will take place, as well as the Audit and Risk Assurance Committee meeting.

3.5 In addition to the activities as set out above, the Employer may also request from the supplier:

- A questionnaire tool to enable the Employer to conduct an internal Board Review in the future (self-assessment). Suppliers are requested to price this additional option within their commercial responses.
- 3.6 Reasonable variations to the Scope of Services may be requested by the Employer from time to time. In response to such requests the Supplier shall notify the Employer in writing of the effect which any such variation would have upon the contract price. Variations which would result in an increase to the contract price shall not proceed without the prior written approval of the Employer's Contract Manager. Variations to the contract price shall only be made in accordance with the Rate Card in the Contract Pricing Schedule.
- 3.7 Variations may include (for example):
- changes to project deadlines;
 - changes to the reporting requirements; and/or
 - presentations of reports

4 Reporting and Governance

- 4.1 A "light touch" weekly progress report (by email) shall be prepared and (if necessary) reviewed at a weekly progress meeting. The format of the report and (where necessary) attendees of the meeting will be agreed at the start of the project. The report should cover overall progress against plan, risks to plan and mitigating actions, issues and escalations and project budget tracking.

5 Timetable

- 5.1 The services of the Supplier shall commence immediately on award of the contract and should be completed within 7 weeks of the Contract Commencement Date (anticipated to be 21 March 2016). Key contract milestones are detailed below:

Contract milestone	Completion Date
Contract commencement date	21 March 2016
Briefing by the Chair	To be confirmed upon contract award
Observation of Audit and Risk Assurance Committee meeting	23 March 2016
Observation of Board Meeting	7 April 2016
One to one interviews with 11 Board members (including the Chair) and Company Secretary	w/c 11 and 18 April 2016
Production of Draft Report for comments	To be agreed with supplier
Production of Final Report	25 April 2016
Debrief with Chair	To be confirmed
Issuance of Report with Board papers	28 April 2016
Presentation to Board	5 May 2016

6 Payment

- 6.1 The successful Supplier should submit their invoices in arrears and will be paid in a lump sum on completion of the Contract.