



Department
for Transport

Management Case for High Speed 2

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Purpose

1. The purpose of the Management Case is to provide confidence that credible and robust arrangements are in place to deliver the High Speed 2 (HS2) programme to time, cost and quality. It includes:
 - an outline of the HS2 programme and how it will be delivered;
 - governance arrangements for the programme, including the role of the High Speed Rail Programme Board, the separate Project Boards and HS2 Ltd's own governance;
 - details on the programme of work planned and how key milestones are tracked;
 - evidence on how risks and issues are managed and escalated;
 - detail on how change is and will be managed within the programme;
 - arrangements for programme and project assurance;
 - our communication plan for the programme, including how we engage with stakeholders;
 - how we plan to manage and record the benefits from the programme;
 - contingency and resource planning arrangements; and
 - document control arrangements.
2. This Management Case forms part of the Outline Business Case for HS2. It is used to drive decision-making and sets out the processes used to align the progress of the programme towards achieving business objectives.

Introduction

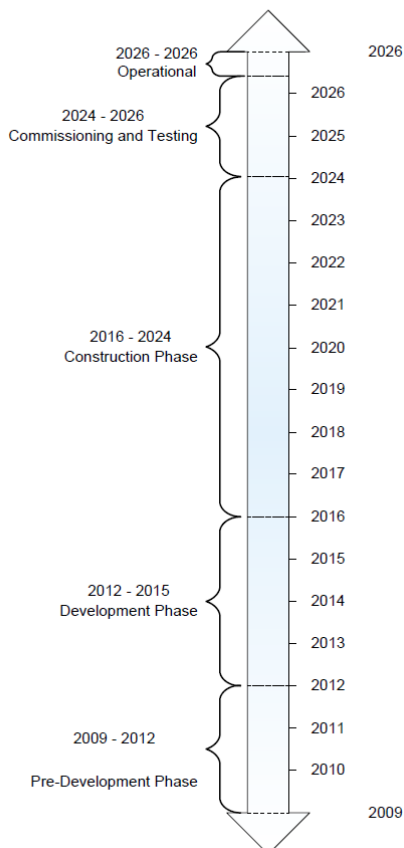
3. A High Speed Rail network is vital to upgrade this country's transport network and to ensure the future growth of the British economy. HS2 will be the first major north-south railway line built in over 120 years, and will provide the infrastructure to improve the Victorian system which still forms the basis of our railways. Though it is envisaged as a single addition to the transport network, it is designed in two phases.
4. Phase 1 of HS2 would see a new high speed line constructed from Euston to north of Birmingham, where it would re-join the existing West Coast Main Line allowing fast services direct to destinations on the existing line including Manchester, Liverpool, Crewe, Preston and Glasgow. New high speed trains would serve Birmingham city centre and an interchange designed to serve the wider West Midlands. At Old Oak Common in west London, a new interchange would be built connecting HS2 with Crossrail, the Great Western Main Line and the Heathrow Express.
5. The proposals for Phase 2 would see the line extended north and east, to join the West Coast Main Line south of Wigan and the East Coast Main Line approaching York. There would be new stations in the city centres of Manchester and Leeds, with intermediate stations in the East Midlands at Toton and near Sheffield at Meadowhall.

Taking forward the HS2 programme

6. A scheme of such national significance obviously needs explicit approval by Parliament before it can proceed. The planning consents for HS2 will be considered by Parliament through two hybrid Bills, first for Phase 1 (London to the West Midlands) and then Phase 2 (Leeds, Manchester and Heathrow). Separately, the 2013 'Paving Bill' will provide advanced approval for the Department for Transport (DfT) to move ahead with investment plans on detailed design, land acquisition, compensation and preliminary works for HS2. The Government expects to lay the Bill seeking powers for Phase 1 before the end of 2013.
7. The HS2 network is one programme, delivering a network of high speed lines in two phases. The programme for delivery is complex and there are many challenges in keeping it in scope, delivered on time and to budget.

Timetable to an operational railway

**Programme Plan for High Speed Rail:
Phase 1 London-Birmingham**



operational in 2026.

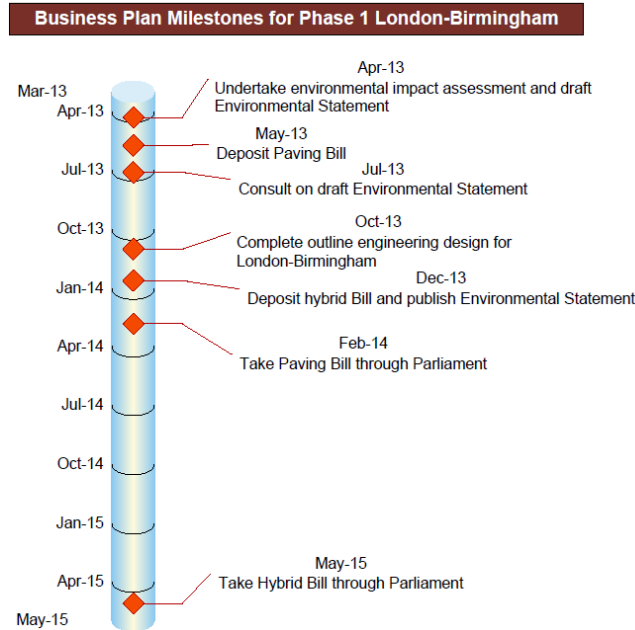
8. The current outline timetable for taking forward the Phase 1 line from London to Birmingham is shown on the left.

9. The pre-development phase was concluded in January 2012 with the Secretary of State's decision to proceed with High Speed 2. This followed detailed engineering design and environmental assessment which was consulted on during 2011.

10. Phase 1 is currently in the development phase as preparations are made for the introduction of a hybrid Bill into Parliament in late 2013 with the aim to receive Royal Assent in Spring 2015.

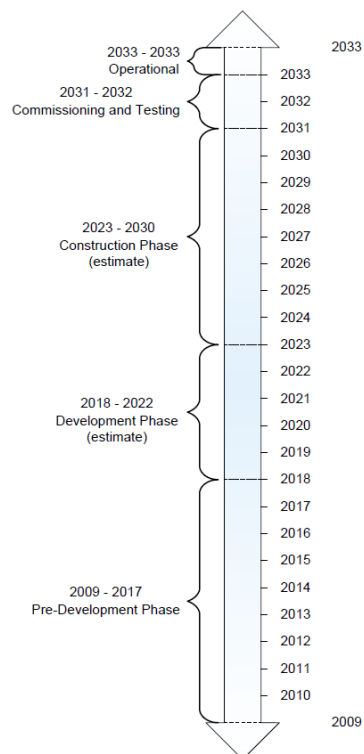
11. Dates beyond the 2015 General Election are speculative at this stage. Enabling works are expected to begin in 2016 as final preparations are made ahead of construction starting in 2017. These works will continue through to 2024. During 2024 and 2025 there will be a period of commissioning and testing ahead of the railway becoming

12. Key milestones for Phase 1, as set out in the DfT Business Plan, for the period to Royal Assent are shown below. These are the end dates for the delivery of each.



13. The timetable for Phase 2 is shown on the right. It is currently in the pre-development phase. HS2 Ltd's advice on the Phase 2 route was received in 2012, ahead of the Secretary of State's announcement on his initial preferred route in January 2013. As part of this phase, informal engagement continued up to the launch of the consultation in July 2013. The consultation will run through to 2014 when responses will be analysed, ahead of an announcement on the route by the end of 2014. Engineering design, as well as work on the environmental impact assessment will then begin from January 2015, ahead of the introduction of a second hybrid Bill into Parliament.

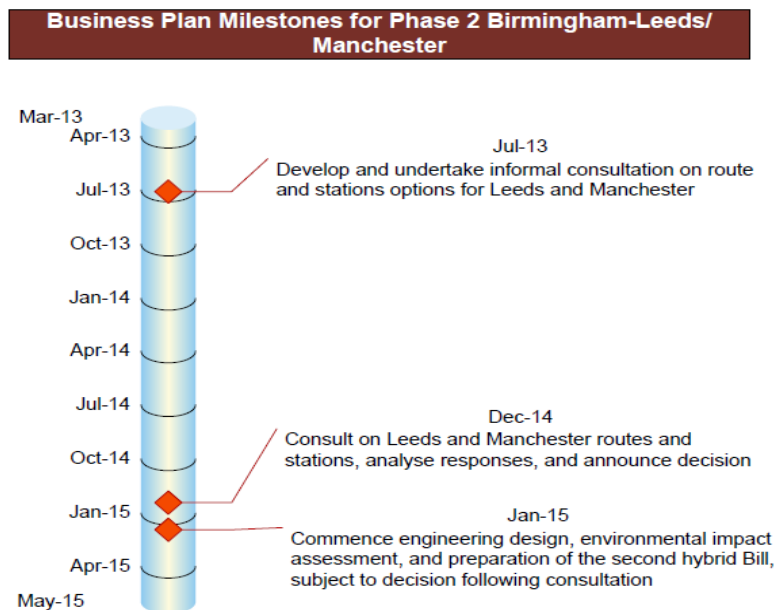
Programme Plan for High Speed Rail: Phase 2 Birmingham-Leeds/ Manchester



14. The timeline beyond this is speculative at this stage and will be subject to the outcome of the General Election in May 2015. On current plans it is expected

that a second hybrid Bill will be introduced into Parliament around 2018, with construction beginning in the mid 2020s. The plan above uses 2023 to show this. As with Phase 1 commissioning and testing will take place ahead of the route becoming operational in 2032/33.

15. Key milestones for Phase 2 through to the General Election, as set out in the DfT Business Plan, are shown below. These are the end dates for the delivery of each.



Governance

16. The scale of HS2 necessitates a strong governance structure which can adapt as the programme evolves and progresses. HS2 is being developed by DfT and High Speed Two Limited (HS2 Ltd). The current governance structure for the programme is provided at [Annex A](#). It shows the relationship between DfT, responsible for the overall management of the programme, and HS2 Ltd, which performs both a delivery and advisory role in the development of the high speed rail network.

17. Whilst the High Speed Rail (HSR) Group in DfT has ultimate responsibility for policy advice to Ministers, HS2 Ltd is responsible for the successful delivery of the majority of aspects of the project, either directly or through others. HS2 Ltd also supports DfT by contributing relevant information and analysis to DfT's consideration of policy options. This is set out in the remit letter from the Secretary of State to the Chair of HS2 Ltd ([Annex B](#)).

18. The delivery phase, with closer involvement of Network Rail, will require a new governance structure to facilitate effective delivery but also to ensure delivery risks are identified and managed. The revised governance arrangements will be underpinned by the two key agreements: the Development Agreement between DfT and HS2 Ltd which will set out DfT's requirements from HS2 Ltd for both the construction works and for

policy advice and support; and the intended Tripartite Co-operation Agreement between DfT, HS2 Ltd and Network Rail, which will set out the respective roles of the three parties including a statement of principles on their joint objectives for delivering the HS2 programme.

19. The HS2 programme is led by David Prout, the Senior Responsible Owner (SRO) and DfT Director General for the HSR Group. The SRO's responsibilities include:

- the success of the programme, ensuring it meets its objectives as set out in the Departmental Business Plan and the business case,
- ensuring the programme is reviewed and assured at appropriate points,
- being prudent with the public money for which the SRO is accountable;
- owning the business case, including the delivery of the programme's benefits;
- establishing and chairing a Programme Board, ensuring progress, risks and issues are monitored, managed and reported upwards;
- ensuring an effective communication strategy is developed and put in place and protects the Department's reputation;
- ensuring that lessons learnt are recorded and shared; and
- formally closing the programme upon completion of a benefits review.

20. The governance of the programme is maintained through the preparation of reports to the HSR Programme Board, project boards and working groups through the life of the programme to enable progress, risks, issues and changes to be managed and decisions to be taken.

21. Regular bilaterals are held between DfT and HS2 Ltd to discuss progress against plans, issues and risks. Such bilaterals include the monthly Secretary of State/ HS2 Ltd Chairman meeting, the monthly SRO/ HS2 Ltd Chief Executive meeting and the weekly joint Operations Room meeting focussed on readiness for the introduction of the hybrid Bill.

22. The high level outputs and activities which the Secretary of State requires HS2 Ltd to deliver are set out in the remit letter (the current version of the remit letter is attached at [Annex B](#)). This is supported by a number of governance documents as set out below:

Name of document	Overview
HS2 Ltd Framework Document	<ul style="list-style-type: none"> ▪ the rules and guidelines relevant to the exercise of the functions, duties and powers of HS2 Ltd as a non-departmental public body; ▪ the conditions under which any public funds are paid to HS2 Ltd by the Secretary of State; and ▪ how HS2 Ltd is to be held to account for its performance.
HS2 Ltd's Corporate Plan	<ul style="list-style-type: none"> ▪ as required under the Framework Document, the Corporate Plan sets out how HS2 Ltd plans to deliver its remit and measure its performance.

<p>Sponsor's Requirements</p>	<ul style="list-style-type: none"> ▪ the Sponsor's high-level requirements and objectives for the railway; ▪ the minimum requirements that the HS2 service must achieve at the Opening Date; and ▪ the minimum requirement that must be met at the Final Completion Date.
<p>Draft Project Development Agreement</p>	<p>Interim document which:</p> <ul style="list-style-type: none"> ▪ sets out how the aims and objectives will be achieved; ▪ respective roles and responsibilities of the Department and HS2 Ltd (i.e.: who undertakes the work); ▪ shared value and approach to co-operative working; ▪ the formal governance arrangements including the approvals process; and ▪ how costs are controlled (i.e. the financial landscape within which both parties will operate).

23. In relation to Phase 1, whilst overall accountability for the programme of work to deliver the hybrid Bill rests with DfT, the finalisation of the design, environmental assessment of the design, and preparation of the exhibits relating to the parliamentary passage of the Bill is being prepared by HS2 Ltd. Consultations are prepared in partnership between DfT and HS2 Ltd, with DfT leading on policy and overall timetable issues and HS2 Ltd leading on the detailed planning and delivery (including engagement and consultation response management and analysis).

24. DfT stipulates the Sponsor's Requirements which set out the parameters of the scheme to be authorised by the Bill which HS2 Ltd is tasked with delivering. This includes a statement of outputs, incorporating the scope and functionality of the railway. HS2 Ltd will respond to this with a detailed project specification, project cost estimate and project risk assessment for affirmation and approval by DfT.

25. In addition, DfT is responsible for settling a range of policy issues necessary for the passage of the hybrid Bill, such as:

- funding of construction (and arrangements for the acquisition of rolling stock);
- regulation of the railway;
- ownership, operation and maintenance of the railway when complete;
- interaction of high speed services with the rest of the railway;
- procurement of services to operate on the railway and provision for domestic and international open access services; and
- managing the interdependencies with wider rail and transport policy.

26. HS2 Ltd, as the delivery body, is accountable for:

- delivery of the Sponsor's Requirements including the detailed scope and functionality of Phase 1 and its compliance with the appropriate railway (Technical Specifications for Interoperability), environmental and construction standards;
- planning, designing and environmentally assessing Phase 1 including the preparation of the Bill documents and the Bill ancillary documents, to allow the hybrid Bill for that section of HS2 to be deposited by the Bill deposit date;
- assisting and supporting the DfT and their parliamentary agents in the preparation of the hybrid Bill, including the Bill schedules, for Phase 1;
- administering the safeguarding directions made by the Secretary of State in respect of Phase 1;
- procuring design services, surveys and other work needed to achieve these tasks and project manage them;
- carrying out consultations as required under the Aarhus Convention and other relevant legislation. These consultations will include those for any substantial amendments to published plans for the railway, the safeguarding limits and directions and the environmental impact statement;
- operating the statutory blight scheme and any other compensation schemes stipulated by the Secretary of State;
- promoting the London to West Midlands project and conducting the engagement with national bodies, local authorities and local communities;
- providing all other support DfT requires for the hybrid Bill including financial and business case modelling; and
- operating within the budget set by DfT.

27. The current roles for Phase 2 are similar to those that were in place for the completed stages of Phase 1. DfT and HS2 Ltd will:

- develop routes from the West Midlands to Leeds and Manchester
- publish HS2 Ltd's advice and the Government's response;
- deliver the informal consultation following publication, and any subsequent work to further develop the route and station proposals; and
- deliver the formal consultation process, including analysis and assessment of the responses, and any work commissioned as a result, to enable robust Ministerial decisions.

Programme and Project Boards

28. The delivery of the overall programme is overseen by the HSR Programme Board, chaired by David Prout, SRO and DfT Director General for High Speed Rail. The Board's membership includes the Chair and the CEO of HS2 Ltd; the three DfT HS2 Group directors; DfT Group Finance Director; DfT Rail Policy Director; DfT Chief Economist; DfT Director Commercial and Technical Services; one person nominated by HM Treasury; one person nominated by Infrastructure UK and may also

include up to two non-executive directors. DfT's Project Representative also attends.

29. The HSR Board has responsibility for:
- taking decisions and/or making recommendations to the Secretary of State on any aspects of the HS2 programme;
 - maintaining a comprehensive co-ordinated DfT/ HS2 Ltd programme plan and ensuring adherence to it;
 - ensuring risks and issues escalated to the Board are appropriately identified, allocated and managed;
 - considering wider policy issues (within DfT and wider Government) – including dependencies with the HS2 programme and ensuring risks and issues related to these are managed;
 - ensuring that an integrated assurance and approvals plan and appropriate compliance framework is in place;
 - overseeing the finances of the programme, ensuring budgets are managed within delegated limits;
 - challenging the DfT/ HS2 Ltd senior team on delivery of the programme to cost, time and quality, including on outputs from Project Boards/ working groups;
 - considering wider issues on stakeholder management and communications; and
 - approving changes to the project above the delegations of the Legislation Decision Board and recommending change decisions to BICC and Ministers above the delegation of the HSR programme board.
30. Underneath the HSR Board, four project boards have been established. These are:
- i. The *Strategy and Engagement Board* - leading on delivering a vision for high speed rail through the effective oversight and delivery of a three year strategic communications and stakeholder management plan. The Board's role includes ensuring the development of policy is consistent with this vision, providing a strategic steer on research and development to support the three year plan and that delivery of the vision is regularly measured; and monitoring media reactions on HS2 to inform wider policy and the delivery of the programme. The Board is chaired by the DfT HS2 Strategy and Engagement Director, with membership including
 - SRO & HSR Group Director-General;
 - HS2 Policy, Legislation and Funding Director;
 - HS2 Project Sponsorship, Technical and Commercial Director;
 - DfT Group Communications Director;
 - Chief Executive HS2 Ltd;
 - Interim PR Strategy Director HS2 Ltd;
 - Director of External & Parliamentary Relations; and
 - DfT Special Advisers.
 - ii. The *Policy and Funding Board* – leading on taking decisions relating to emerging policy issues on future extensions of the network and interdependencies with other utilities; considers and proposes how the

railway should be regulated and operated - managing the interfaces with other wider policy issues; plans and co-ordinates engagement with HM Treasury on funding issues across the programme and considers financing options including advising on their implications. The Board is chaired by the DfT Policy, Funding and Legislation Director, with membership including:

- DfT Deputy Director for Policy, Legislation and Funding;
 - DfT Deputy Director for Operational and Delivery Model;
 - Representatives from the DfT High Speed Rail Sponsorship and Business Case and Analysis teams;
 - representatives from DfT Legal and DfT Group Communications;
 - Deputy Director for Rail National Strategy;
 - HS2 Ltd's Parliamentary and External Affairs Director; and
 - HS2 Ltd's Director of Finance and Corporate Services.
- iii. The *Legislation Decision Board* – leading on consideration and agreement of scheme policies to support the Bill and its passage through Parliament; taking decisions on change requests submitted by HS2 Ltd outside of HS2 delegated limits and within the delegated limits applicable for the Legislation Decision Board; making recommendations as appropriate to the HSR Board, BICC and Ministers for those changes that go beyond the delegated limits of the Legislation Decision Board; reviewing and approving the commitments and undertakings proposed in agreements with stakeholders and agreeing strategies for Bill handling. The Board is chaired by the DfT Director for Policy, Legislation and Funding, with membership including:
- Deputy Director for Legislation and Environment;
 - Deputy Director for Sponsorship;
 - Deputy Director for Property;
 - Deputy Director for Estates [for property decisions];
 - a representative from the DfT funding team;
 - DfT Legal representative;
 - HS2 Ltd Chief Executive;
 - HS2 Ltd hybrid Bill Director;
 - HS2 Ltd Technical Director;
 - HS2 Ltd London to West Midlands Project Director;
 - HS2 Ltd Head of Environment;
 - HS2 Ltd Head of Property;
 - HS2 Ltd Chair of the Decisions Panel;
 - Representative from Parliamentary Agents; and
 - Representative from Counsel (as necessary)
- iv. The *Project Sponsorship Board* - leading on identifying and overseeing key DfT-led deliverables in relation to Project Sponsorship - Technical and Commercial activities; managing the process for scope change; monitoring and reviewing progress against the Project Sponsorship work programme; monitoring the delivery of the Sponsor's Requirement; establishing a timeline for HS2 Ltd's Baseline activities, agreeing related remit(s) and monitoring movements in cost estimates and escalating variances; receiving report on cost changes within HS2 Ltd delegation; and making recommendations to HSR Board on the

procurement and commercial strategy for HS2 and escalating as required. The Board is chaired by DfT Project Sponsorship Director, with membership from:

- three nominees of HS2 Ltd (including representatives of the Technical and Commercial Directorates);
- a representative of the DfT Policy & Funding Directorate;
- a representative of the DfT Strategy Directorate;
- a representative of the DfT Project Representative;
- a representative of DfT Rail Group;
- a representative of DfT Finance;
- a representative of DfT Legal;
- one person nominated by HM Treasury;
- a representative from Network Rail's HS2 team; and
- one person nominated by Infrastructure UK.

31. In addition a Joint DfT/ HS2 Ltd Analytical Group (JAG), chaired by the DfT Chief Economist, oversees the management and delivery of analytical activities, as set out in the joint analytical strategy that supports the comprehensive coordinated programme.

32. Task and finish groups are set up by the HSR Programme Board as required. Those currently operating, such as the Phase 1 Operations Room Working Group, Cost and Risk Group and Business Case Management Board, are shown in [Annex A](#). Each group has its own set of terms of reference, which include detail on their remit and membership.

33. Governance arrangements for the programme are kept under regular review to ensure efficient and effective decision making and that the overall governance structure is appropriate to and proportionate for the current phase of the programme. In the event of a delay to the current stage of the programme (i.e. a delay caused by the challenging parliamentary timetable and process for the hybrid Bill, parliamentary stage) governance arrangements will remain in place, and arrangements made to ensure the programme can move to next-phase governance as soon as Royal Assent is obtained.

34. These reviews include regular reviews by the SRO and DfT HSR Directors on the terms of reference for existing project boards and working groups, as well as their remits and relationship to the HSR Programme Board.

Programme Management Office

35. The SRO for the programme is supported by a Programme Management Office (PMO) within HSR Group. Amongst its responsibilities are:

- establishing and keeping up to date a high level programme plan for HS2, including identifying interdependencies between workstreams and feeding into plans which sit beneath this;
- establishing and maintaining common standards and methodologies including PPM management tools;

- formal reporting to the SRO, senior management team and HSR Programme Board on programme wide achievements, issues, risks, finance, assurance activity and progress against plans through monthly progress reports and dashboards;
- identifying and managing interdependencies between HS2 workstreams and/or wider Governmental policies, highlighting key risks and issues associated with this to senior management;
- establishing and managing a risk and issue management strategy and managing the risk and issue management process on behalf of the SRO;
- creating and managing an information management and document control process for the programme;
- liaising with the HS2 Ltd Programme Office in the management of the programme and reporting of issues risks and progress against plans;
- liaising with the Sponsorship team to ensure regular financial reports are provided to the SRO, Directors and the HSR Board; and
- establishing and maintaining an Integrated Assurance and Approvals Plan and with that managing a suite of assurance activities that will be used to provide assurance to the SRO that the programme will deliver to its stated objectives.

Governance within HS2 Ltd

36. HS2 Ltd is a government company and Non-Departmental Public Body sponsored and funded by the DfT. The chairmanship of the company is appointed by the Secretary of State. The current Chair is Doug Oakervee, who is responsible for advising the Secretary of State on matters relating to HS2 Ltd and for the specific delivery and advice on the development of the high speed rail network as prescribed in the Secretary of State's remit letter (current version of 27 June 2013 at [Annex B](#)). Doug Oakervee will stand down as Chair at the end of 2013 and Sir David Higgins will take over as Chair from January 2014 (full time from March). Working to the Chair is Alison Munro, Chief Executive of HS2 Ltd, who is in turn supported by an executive team of Directors.
37. The company is managed by the HS2 Ltd Board, which meets monthly. The non-executive Chair and other non-executive directors are appointed by the Secretary of State. HS2 Ltd's Chief Executive, Technical Director and Commercial Director are also company directors. The Board has corporate responsibility for ensuring that HS2 Ltd fulfils the remit, aims and objectives set by the DfT and for ensuring the organisation is fit for purpose. The Board non-executives have extensive senior-level experience of different aspects of delivering very large infrastructure projects, including rail, and can therefore provide valuable strategic guidance to the company and the Department on effective project delivery.
38. The Board has a number of working groups and Committees that report to it. Each of these, along with their purpose is shown on the governance diagram attached at [Annex A](#).

39. HS2 Ltd's Executive Committee, chaired by Alison Munro, manages the company's day-to-day business. It meets weekly to review and take decisions, where appropriate, on both the HS2 programme and internal company management issues. It also separately meets monthly as the company's Health and Safety Committee.
40. Reporting to the Executive Committee are two main project boards –
- i. **Phase 1 Project Board:** Manages the day to day activities of the HS2 Ltd London to West Midlands project, in particular focussing on work running up to the introduction of the hybrid Bill. The Board is chaired by Roy Hill, Director of Phase 1 Delivery, with membership including representatives from contributing HS2 Ltd teams. Escalation of issues from this Board is to the HS2 Ltd Executive Committee.
 - ii. **Phase 2 Project Board:** Manages the day to day activities for taking forward the design, engineering and consultation work relating to Phase 2 internally within HS2 Ltd. The Board is chaired by Ian Jordan, Director of Phase 2 Delivery, with membership from each contributing HS2 Ltd teams.
41. In addition to these two boards there is a Contracts Committee which considers:
- procurements, contract awards and requests for financial authority for expenditure required for HS2 Ltd; and
- property to be acquired by HS2 Ltd, including spending commitments and the management of such property on behalf of the Secretary of State. There is also a Phase 1 Decision Panel which considers proposals for changes to the Phase 1 route design.

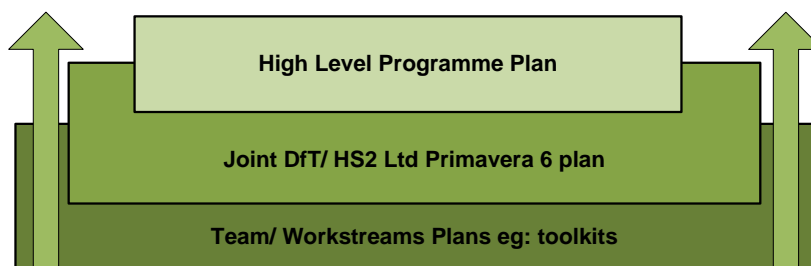
Organisational structure

42. The organogram for DfT HSR Group, correct at August 2013, is provided at [Annex C](#). In line with DfT Corporate Planning Process Protocol, only senior officials are shown. Recruitment to fill the vacant posts in the diagram is currently underway. With a programme of this scale the organisational structure will be kept under review to ensure key deliverables are resourced correctly with the right skills mix to ensure the programme remains on track. As the structure evolves, the organogram will be updated.
43. The organogram for HS2 Ltd is provided at [Annex D](#). Again this sets out the senior team and their respective job titles, correct as at June 2013. The great majority of staff engaged on the HS2 programme work in HS2 Ltd or its contractors. Many have relatively recently begun work on the programme as the volume of work rapidly expands. It is therefore essential to the programme that HS2 Ltd's recruitment and induction processes, as well as support systems such as ICT, Finance and accommodation, are fit for purpose. A summary of activities in these

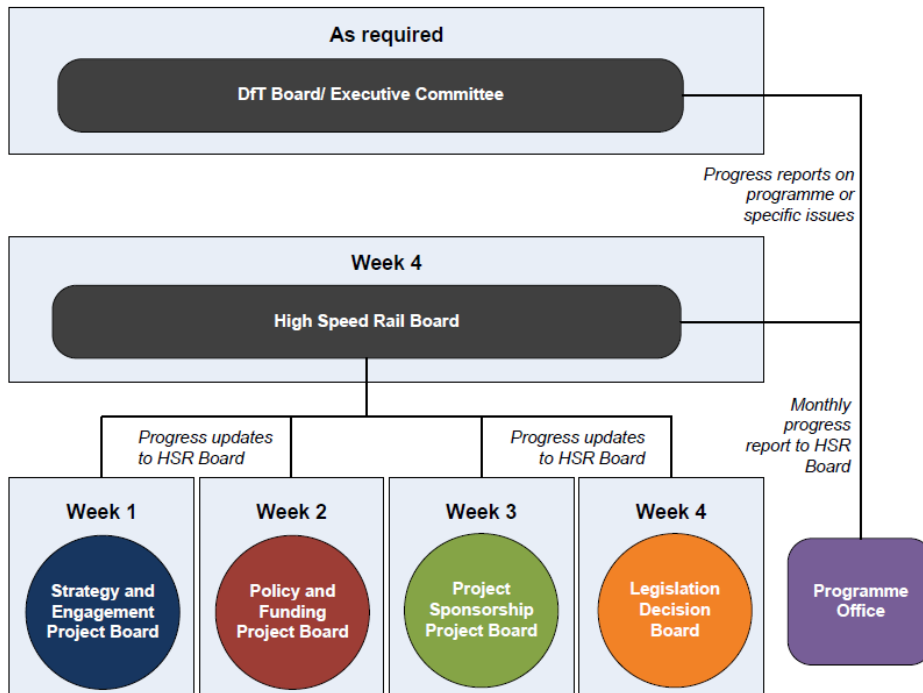
areas of corporate infrastructure can be found in the draft HS2 Ltd Corporate Plan 2012-2016 (sections 3 to 5).

Planning

44. The HS2 programme is an integral part of the DfT's work and is featured in the 2013 Departmental Business Plan. The programme is run in line with Managing Successful Programmes and Prince 2 methodology. This provides a framework for:
- managing the delivery of the programme through regular reviews of progress against plans;
 - managing risks and issues, including escalation through the governance structure;
 - ensuring assurance is provided that the programme continues to have a business justification;
 - ensuring stakeholders are involved at the right time and place within the programme; and
 - capturing and sharing lessons learnt.
45. The project is managed through a coordinated planning system, covering the programme as a whole and more specific detailed project plans. These include:
- an overarching joint DfT/ HS2 Ltd High Speed Rail High Level Programme Plan highlighting key milestones (each RAG rated) and interdependencies. The High Level Plan is shared with the High Speed Rail Programme Board on a monthly basis and updated weekly as the basis for a weekly monitoring meeting with the senior management team, attended by DfT and HS2 Ltd officials. This is underpinned by a detailed joint plan of activities between DfT and HS2 Ltd that is regularly updated; and
 - Workstream plans – outlining the key activities and milestones going forward. In DfT HSR these plans are set out in each team's toolkit (see section on Resilience). In some cases additional cross DfT-HS2 Ltd plans exist for specific areas such as Phase 2.



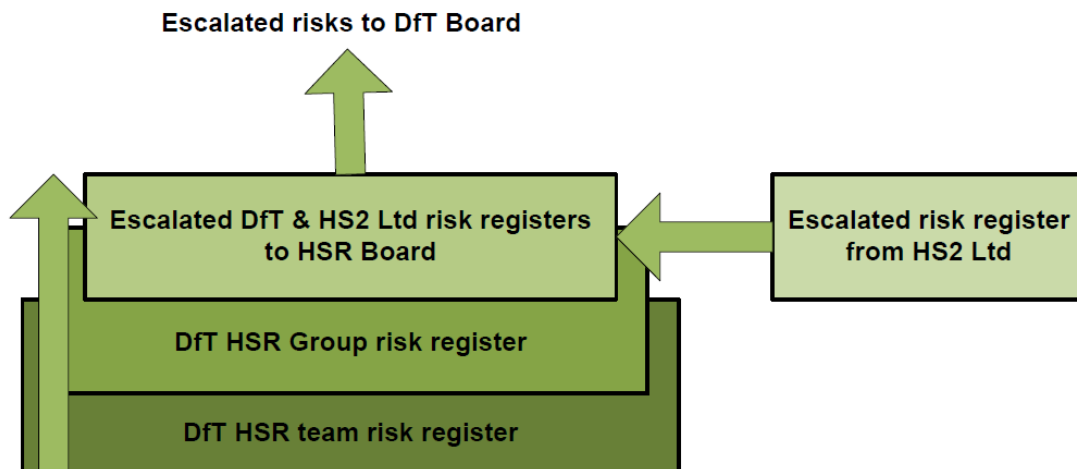
46. Examples of where reporting of progress against plans, plus risks and issues are discussed are set out below:



Risk Management

47. The risk management strategy for High Speed 2, attached at [Annex E](#), has been developed jointly by DfT and HS2 Ltd. The strategy outlines roles and responsibilities in managing risk, as well as how risks are identified, assessed, addressed and escalated through the programme's governance framework. The strategy includes risks both as threats to be managed and opportunities to be exploited.
48. It has been developed in accordance with both the DfT Risk Management Policy and with reference to HS2 Ltd's Risk Management Strategy. It outlines that both DfT HSR Directors and HS2 Ltd have been delegated the responsibility for identifying, assessing and managing risks by the SRO for their own work areas or within any Project Boards or working groups they chair. Decision making at these Boards is underpinned and informed by risk and the impact on risk exposure
49. DfT HSR Directors and HS2 Ltd are responsible for escalating risks within the governance framework to the HSR Board either as a stand alone item or as part of the DfT PMO's Monthly Report. Those risks with a current exposure level of 15 or higher are automatically escalated to the HSR Programme Board. HSR Directors and HS2 Ltd can escalate risks with a current exposure level below this if they wish to draw to the attention of the Board any particular lower scoring risks. The SRO then takes the decision as to which risks to escalate further to the DfT Board. Such escalation follows DfT guidance on escalation.
50. All risks are recorded and managed using standard templates that exist within DfT HSR Group and HS2 Ltd. Within the DfT HSR Group, this is undertaken through team risk registers. All risks are described to cover

their cause, event and effect and once a month fed into a DfT HSR Group risk register.



51. The current risk register template used within the DfT HSR Group is included in the Risk Management Strategy at [Annex E](#). The criteria for assessing the likelihood and impact of risk in DfT follows the Departmental risk management guidance. HS2 Ltd's criteria for assessing the likelihood and impact of risk are included in the HS2 Ltd Risk Management Strategy.
52. Considerable focus is placed on effective and timely response actions for risks. These are articulated in a robust way with timelines and accountability defined to individuals which is monitored by teams and the Director responsible.
53. Within HS2 Ltd the risk process includes quantitative risk analysis (QRA) of the Phase 1 costs and delivery programme models. This models, through a Monte Carlo simulation, a series of results that provide a confidence level that the risk exposure will not exceed a given value or timeframe. This is used to inform the required contingency levels for HS2.
54. Independent to the above arrangements (and to provide additional assurance around risk), the DfT Project Representative (P-Rep) monitors HS2 Ltd's approach to risk management.

Issue Management

55. Issue management in the HS2 programme follows an agreed process between DfT and HS2 Ltd. Teams within both organisations record issues on their own team issue logs using the DfT-agreed RAG rating system. Where practicable issues are dealt with at a working level between teams either wholly within the organisation or where appropriate across organisations.
56. A Joint DfT/ HS2 Ltd Programme Issue Log is produced weekly to track issues across the programme and shared across organisations. Those

issues identified by Directors or teams for escalation are then escalated to one of the established Project or Programme Boards. Urgent issues, particular to the introduction of the hybrid Bill for example, are typically dealt with at the weekly Joint DfT/ HS2 Ltd Phase 1 Operations Room meetings where a speedy resolution and plan forward is agreed.

57. Depending on the timing of escalation, issues can be also incorporated into the monthly progress report to the HSR Board from the DfT PMO or through a stand alone item on the agenda. The Risk and Issue Management Strategy at [Annex E](#) outlines how such issues should be logged, tracked, managed and where appropriate escalated.

Change Control

58. The July 2013 Spending Round provided an overall funding envelope to deliver HS2. This is set out below.

Table 1: HS2 Total Funding Envelope (£bn, 2011 price, excludes VAT)¹

	Phase 1	Phase 2
Point estimate	15.65	12.5
DfT held contingency	3.75	6.5
Total at P50²	19.4	19.0
Treasury held contingency	2.0	2.2
Total at P95³	21.4	21.2

59. Overall funding for the delivery of Phase 1 of the programme has been set at £21.4bn, this is the equivalent of P95 delivery confidence at 2011 prices, excluding VAT. The sum of £19.39bn (P50 level price) has been delegated by HMT to DfT, with HMT centrally managing the provision for HS2 costs between these two funding envelopes.

60. The Secretary of State for Transport, in his remit letter to HS2 Ltd of 27 June (see [Annex B](#)), has set HS2 Ltd a target price of £17.16bn to deliver Phase 1. This represents the point estimate for delivery of the railway of £15.6bn plus a 10% contingency.

61. Phase 2 being the subject of consultation through the latter half of 2013 and into 2014, there remains greater scope for changes in project definition in response to stakeholder views. A long-term funding envelope for Phase 2 has been set at a P95 level price of £21.2bn. The total envelope for the programme (both phases) is £42.6bn at this level.

¹ Numbers do not always sum due to rounding.

² P50 means that there is 50% confidence at this stage of the programme that the cost of the scheme will be delivered at £19.4bn

³ P95 means that there is 95% confidence at this stage of the project that the cost of the scheme will be delivered at £21.4bn

62. In addition to the above, a funding envelope for rolling stock has been set at £7.5bn (including contingency). No decision has been taken on whether this will fall to the public purse or whether private finance would offer a more attractive approach.

Delegation and change management

63. The Target Price amount of £17.16bn is delegated to HS2 Ltd and offers control to HS2 Ltd over decisions in relation to existing scope, for example, those linked to design development arising from a more detailed understanding of engineering requirements or correction of inaccurate assumptions in developing the existing scope to date. As such HS2 Ltd will:

- Seek to manage all further design development for Phase 1 within the Target Price; and
- Seek to trade off upward cost pressures with opportunities to save costs as part of the ongoing process of design development, to ensure that the Target Price is protected, a process which will need to be clearly recorded and demonstrated through the provision of Management Information to ensure transparency.

64. The Board of HS2 Ltd, supported by the HS2 Ltd Executive, will oversee and be responsible overall for ensuring that the company manages within this delegated limit.

65. The Board will also take a view as to whether any change brought to them needs to be escalated to HSR Board or the Secretary of State or, where there are impacts on the existing network, referred to the DfT rail board.

66. In addition to the above arrangement a Cost and Risk Group has been established made up of senior representatives from DfT, HS2 Ltd and HMT. The Group is designed to review and challenge the progress against target costs and levels of risk exposure.

67. Were the target price to be exceeded, approval will need to be sought by HS2 Ltd through the governance mechanisms set out above.

Managing contingency above target price to the DfT held funding envelope of £19.39bn

68. People and organisations affected by HS2 Phase 1 may petition the hybrid Bill Select Committee which might result in changes to the project. These changes may add cost to the project.

69. Authority to agree petitioner changes will be delegated to different levels based on the overall value of the petitioner change being proposed:

- Changes with a value of above £100m will require HMT approval and will be subject to a Ministerial decision before seeking HMT approval. The threshold is in line with HMT delegations to the Department
- Changes with a value of £100m will be considered by the Department's Tier 1 Investment Decision Making Board (the Board Investment and Commercial Committee), ahead of seeking a Ministerial decision;
- Changes with a value of between £30m and £100m will be considered by the Department's High Speed Rail Board. High Speed Rail Board will approve changes between £30 - £50m and will consider changes between £50m - £100m ahead of seeking a Ministerial decision. Where required some decisions may need to be escalated to DfT Rail Board.
- Decisions on changes between £250k and £30m will be made by the Legislation Decision Board chaired by the DfT. The DfT Sponsor, who will be represented on this board will need to approve those petitioner risks which impact on the Sponsor Requirements and DfT rail representation will be required where changes may require a commitment on the existing network to be carried out by and funded through Network Rail's control periods. These type of decisions may need to be escalated to DfT Rail Board.
- Decisions on changes below £250k will be made by the HS2 Ltd Executive Committee, provided the changes:
 - a. do not have an impact on programme or business case,
 - b. do not set a precedent,
 - c. are not politically controversial,
 - d. should not be properly considered as part of a larger package of change requests from a particular petitioner,
 - e. are not commitments or undertakings, and
 - f. do not impact on the Sponsor's Requirements.
- HS2 Ltd will report to the Legislation Decision Board on agreements with petitioners within the level set out here.
- Otherwise such decisions will go to the Legislation Decision Board.

Management of contingency above DfT held funding envelope

70. A penalty payment mechanism has been designed and agreed with HMT for Phase 1 of HS2 to incentivise DfT to minimise cost increases above DfT held funding envelope of £19.39bn
71. The specific arrangements and process for the management of this contingency will be developed as part of the work programme of the Cost and Risk Group.

Changes to programme milestones

72. Requests for changes to programme milestones are picked up through the weekly monitoring meeting, where the high level plan is reviewed by the senior management team. Those requesting changes are required to consider and set out any implications on the wider programme or any financial implications there may be. Requests are put forward and documented on a change control log, which is updated and maintained by the DfT PMO. The decision whether to accept or reject a change would be considered based on a number of factors. These will include:
- whether or not the change is avoidable;
 - what the potential costs and benefits are from making the change; and
 - whether the change needs to be made now or whether it is more beneficial to defer it.
73. Once a month, through the Progress Report, the HSR Programme Board is presented with an updated plan, with dates which have moved highlighted in red. Where proposed changes require escalation, for example to Ministers or to the HSR Programme Board itself, these are tracked through the change log, with the final decision noted, the change request closed for the record and the high level plan updated.

Programme Dependencies

74. HS2 is being developed in co-ordination with a number of other transport infrastructure projects. Table 2 sets out the major dependencies for HS2.

Table 2: dependencies

Dependency	Scale	Description	Mitigation
Heathrow Express (HEX) (Depot Relocation)	Major	HEX depot currently occupies Old Oak Common site where new station is to be built. Needs to be relocated by Summer 2016 to allow decommissioning of site prior to HS2 Ltd commencing station build work on site in January 2017	Currently working with Network Rail to identify alternate site for HEX.
First Great Western (FGW) (Depot Relocation)	Major	FGW depot also occupies Old Oak Common site where new station is to be built. Needs to be relocated by Summer 2016 to allow decommissioning of site prior to HS2 Ltd commencing station build works on site in January 2017	Alternate site identified (Intercity Express Programme depot at North Pole). Negotiations with train operating company to commence imminently to agree change to

			Franchise Agreement.
CrossRail (Old Oak Common)	Minor	The construction of the HS2 line will have potential impacts on Crossrail operations in and around Old Oak Common	Discussions with train operating company.
CrossRail (Operations)	Minor	More Crossrail services are expected to be required to operate West of Paddington in order to provide sufficient capacity to carry the expected passengers from the HS2 station at Old Oak Common to / from central London.	Discussions with train operating company (revenue and cost impacts); identify rolling stock requirements for CrossRail; negotiations with the train operating company for Great Western Franchise Agreement changes.
East West Rail	Minor	HS2 crosses East West Rail at Claydon. In addition, there will be a connection between HS2 and the conventional rail at Claydon, which is one of the largest HS2 construction sites. This means that it is also a major route to get materials (especially ballast) to the construction site by rail.	EW construction 2013-2018. There is an opportunity to ensure that project objectives are aligned and long term development potential maximised.
Airports Commission review	Major	Decision on the Heathrow spur on hold pending decision on future UK airport capacity needs.	Review short list (end 2013) and consider options.

75. The present major dependencies of the HS2 programme are sponsored by the DfT's Major Projects Directorate. The independent Airports Commission has a secretariat comprising Departmental officials.

Assurance

76. The HS2 Programme falls within the Government Major Project Portfolio (GMPP). As a consequence the assurance planning is formally documented through an Integrated Assurance and Approvals Plan (IAAP). The latest version of this is attached at [Annex F](#). Integrated assurance

and approval is the planning, coordination and provision of assurance activities throughout the lifecycle of a Major Project.

Programme Assurance

77. A robust programme of assurance for the HS2 programme has been designed to provide assurance to the SRO, the Secretary of State and HMT that appropriate levels of assurance are in place for each approval that is needed to progress the programme. This programme of assurance is captured in the IAAP for the programme, which is owned by the SRO and managed by the Governance and Assurance manager within the DfT PMO.
78. Within HS2 Ltd, assurance is provided in a progressive manner building up layers as the project progresses through the project lifecycle. The HS2 Ltd Management System forms the basis for its assurance provision. This mandates the processes and procedures that HS2 Ltd will operate to ensure that the HS2 programme is delivered in compliance with the stated requirements. This approach ensures that assurance activities are imbedded within the management controls and provides the route for proactive development of these assurance activities to support the evolving project life cycle and project risk profile.
79. The framework for the HS2 Management System is described within the HS2 Management Plan, complemented by the Programme Assurance Strategy which describes how assurance evidence will be built up and submitted to the Sponsor.
80. The HS2 Management system includes the necessary monitoring, surveillance, reporting and management action activities to support the delivery of the project in compliance with the stated requirements and capitalise on the principle of continual improvement.
81. The IAAP is approved by the HSR Programme Board, and validated by HM Treasury and the Major Projects Authority. Assurance and approvals planning is fully integrated into the programme management. Key milestones from the IAAP are included within the high level programme plan and monitored weekly. In line with the vigorous management of the programme timetable and risks, the assurance plans are actively monitored by DfT's Governance and Assurance manager, who updates the IAAP if required and at a minimum quarterly. In addition the IAAP is reviewed following every assurance activity to ensure the activity planned remains targeted and proportionate to the programme's risk exposure.
82. The IAAP specifies the suite of assurance activities that will be used to provide assurance that the programme will deliver to its stated objectives, supporting delivery by providing expert assurance on key aspects of the programme. The IAAP sets out the key risk themes for the programme and sets out a proportionate response to these risks. It has been informed by, and is consistent with, the DfT's Integrated Assurance and

Approvals Strategy and sits within the overall governance and control structure as set out in the HS2 programme governance framework.

83. The IAAP sets out a plan showing how assurance is embedded into the programme, demonstrating the regime of specialist and technical assurance required to assure specific workstreams and deliverables, the planned audit activity as well as the formal Major Project Authority (MPA) assurance activities and Treasury Approval Points as key approval points for the programme.

Responding to assurance activity

84. The IAAP also specifies the process for responding to recommendations made by assurance bodies, and sets out how the outcomes of assurance activity will be reported and escalated where necessary. DfT's Governance and Assurance manager ensures that outputs from discrete assurance events are disseminated in line with the IAAP and that the policy owners with the programme team agree actions, where applicable, to respond to any recommendations. DfT's HSR PMO maintains a Consolidated Assurance Action Tracker, to monitor progress at implementing actions and addressing recommendations from assurance activity.

Benefit realisation and evaluation

85. The outline strategy for delivering HS2 anticipated benefits, minimising its dis-benefits and planning monitoring and evaluation activities, is attached at [Annex G](#).
86. It is based on Guidance from HM Treasury, namely the Green Book⁴ (guidance on appraisal for public sector bodies), Magenta Book⁵ (guidance on evaluation for Central Government), and the DfT Guidance that flows from it. This guidance states that for the Outline Business Case the following actions relate to benefits realisation and evaluation⁶:
- **Benefits realisation Plan** – Set out approach to managing realisation of benefits
 - **Monitoring and evaluation** – Summarise outline arrangements for monitoring and evaluating the project
87. To ensure the intended benefits of HS2 are delivered, lessons learnt from other projects such as HS1 are used to inform the programme. It is not

⁴ HM Treasury Green Book:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/179349/green_book_complete.pdf

⁵ HM Treasury Magenta Book: <http://www.hm-treasury.gov.uk/magentabook>

⁶ DfT Business Case guidance summary table p29:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/85930/dft-transport-business-case.pdf based on HM Treasury Green Book Tool Kit: http://www.hm-treasury.gov.uk/d/greenbook_toolkitguide170707.pdf

p87-88 and p91

intended that at this early stage a full Evaluation and Benefits Realisation Plan is produced. This will be published as part of the Full Business Case which is expected to be completed around the time of Royal Assent of the Phase 1 hybrid Bill, and will include:

- detailed aims, objectives and benefits of HS2 including how they interact and how they can be measured;
 - understanding of what data will need to be collected to track and assess benefits;
 - baselining information against which to compare the collected data;
 - assigned responsibilities for organisations expected to deliver each benefit; and
 - how DfT expects to evaluate the progress in delivering these benefits.
88. The outline strategy is designed to act as a framework for this full plan, setting out the issues that will need to be addressed and the work needed to progress from an outline to a full plan.

Communications and Stakeholder Engagement

89. A scheme of HS2's scale, unprecedented for half a century, can provoke strong passions, scepticism among some commentators, and real concerns among those locally impacted along the route. It is a necessary part of our communications and engagement strategy to meet those challenges firmly and constructively, addressing people's wishes for information, assurance, and local engagement to mitigate impacts where practicable.
90. Our overall communications strategy is based on a clear explanation of the case for HS2. We brief and engage on the case widely, rebutting myths and inaccuracies when appropriate and take an all channel approach (including set-piece events such as consultations). The Secretary of State's keynote speech to the Institution of Civil Engineers on 11 September 2013 set out the strategic case for HS2. The speech and associated key facts and published material is available to download at <https://www.gov.uk/government/news/high-speed-two-hs2-rail-will-deliver-jobs-and-growth-across-the-country>.
91. The Strategy and Engagement Delivery Board is responsible for setting out and ensuring the delivery of the HS2 vision. This is based on an effective communications and stakeholder engagement plan that upholds the Government's aim for transparent policy making, taking in advice from external experts and in-line with pan-Government Communications Network good practice.
92. Effective stakeholder engagement is fundamental to the successful delivery of the vision for HS2. Our strategy, whilst flexible to the programme's evolving priorities, is underpinned by clear roles and responsibilities between HS2 Ltd and the DfT. We have, and keep under review, an agreed action plan for delivery with clear management and success measurement.

93. DfT takes a leading role in engaging with Parliament and other Government departments and has identified a list of key stakeholders that, because of their role in transport delivery and influence, merit direct Departmental relationship management. HS2 Ltd complements this Departmental work and in addition leads in regional and community level contact; runs a number of engagement groups; and facilitates the Ambassadors and Advocates programme. HS2 Ltd maintains a Customer Relationship Management database as a record of its stakeholder engagement.
94. Engagement at community level is carried out through a range of techniques, building on experience in delivering HS1 and Crossrail, including Community Forums and Planning Forums along the London-West Midlands route, and information events linked to formal consultation exercises. In addition, DfT and HS2 Ltd are working together to deliver roadshows later in 2013 along the line of route north of Birmingham following the major Government consultation on the Phase Two route.
95. Stakeholders are broadly segmented as follows:
- Local communities
 - MPs and Peers
 - Businesses
 - Supply chain industry
 - Academia
 - Campaign Groups
 - Environmental Groups
 - Other non-government organisations
96. Engagement looks beyond stakeholders who are directly impacted. The transformational nature of HS2 in providing an engine for growth reaches beyond the immediate line of route, and is part of a wider high speed rail strategy within an overall aim to provide a transport network fit for the long term future.
97. Informing and facilitating the engagement strategy is an HS2 communications delivery plan which involves:
- Planned regular opinion research to inform ongoing policy and delivery of the HS2 programme, enabling awareness and support to be measured over time
 - The formal requirements of policy consultation exercises and the parliamentary processes.
 - A proactive media strategy that gives prominent attention to significant milestones in the delivery programme – and which is designed to ensure a constant flow of news and information to demonstrate momentum and respond to criticisms and ideas.

- A developing social media strategy that makes full use of digital communication tools.
- A strong brand for HS2.

102. The attached [Annex H](#) (with supporting appendices) contains further details.

Building Capacity and Capability

103. The High Speed Rail Group in DfT was established in January 2013. Prior to this, responsibility for high speed rail policy had been located within the Roads, Traffic and Local Group. The appointment of David Prout as the new Group's Director-General and SRO for the HS2 programme signalled a step change in the way in which DfT was looking to strengthen both the capacity and capability within the programme in response to recommendations made by a Major Projects Authority (MPA) review the previous year.

104. Since then, the Group has expanded rapidly under a new organisational structure of three new Directorates (Project Sponsorship; Policy, Legislation & Funding; and Strategy & Engagement) and the positioning of the PMO at the heart of the programme reporting directly to the SRO. Between January and September 2013, the number of staff working on the programme within the Department increased from 39 to more than 80, and recruitment of up to 20 additional posts is underway. These additional resources have strengthened the Group's ability to tackle both the current and future delivery challenges associated with the programme, bringing in a range of skills and expertise around programme and project management, commercial delivery, stakeholder engagement and regeneration. But it is also recognised that more needs to be done to ensure that a more strategic approach is taken to the acquisition and deployment of resources, particularly as we move towards the next phase of the programme.

105. Getting the right people in the right place at the right time is therefore a top priority for the programme. A Programme Development and Resource Management team has been set up within the HSR Group PMO to lead on the development and implementation of a capability strategy. This strategy will set out how the Group will manage and develop its staff resources to ensure that everyone has the right skills and experience to enable them to make an effective contribution to the delivery of the programme.

106. The strategy, which will be set within the context of the Department's recent Skills Audit Action Plan and the wider Civil Service Reform programme implementation plan, will provide an overarching framework within which to identify and address key capacity and capability issues within the programme as well as sign-posting those working on the programme to opportunities for their own personal learning and development.

107. The aim is to have this strategy in place and operational by December 2013.
108. At the same time, in support of this work, a key short term priority will be to develop a resource management plan for the Group. This plan will show current resource deployment, pressures for each element of the programme, and set out the resource requirements for the delivery of future objectives. This will enable the Group's senior management team to take a much more strategic approach to resourcing across the Group and should therefore enable the team to optimise the deployment of resources to meet both current and any future new/changing priorities.
109. The latest plan, which focuses on current resource allocations and pressures, is attached at [Annex G](#).

Resilience

110. Ensuring that we have the right people in the right place at the right time requires not only a capability strategy, but also a high degree of resilience built into the programme. The scale and complexity of the work means that it is critical that well developed and understood plans are in place to respond to situations or events outside the direct control of those involved.
111. There are four main elements to this work:

i) Resource Management Plan

This is attached at [Annex I](#).

ii) PMO Toolkit

The PMO has developed a HSR Group specific 'toolkit' that teams use to record the key elements of their project plans including milestones, targets, risks and issues. The toolkit is accessible to all via the Group's shared drive and the data is used by the PMO to produce regular monthly and ad-hoc performance reports as well as updated programme plans etc. In the unlikely event that a large number of staff were unavailable for work, the PMO (or any team for that matter) could continue to function and generate key performance management information via this toolkit.

iii) Business Continuity Plan

The Group has a Business Continuity Plan that sets out the arrangements for ensuring that work on delivering the programme can continue in the unlikely event that either the building and/or its facilities are not available for use. A Business Support team within the PMO has been set up to co-ordinate this work.

iv) One Team Working Initiative

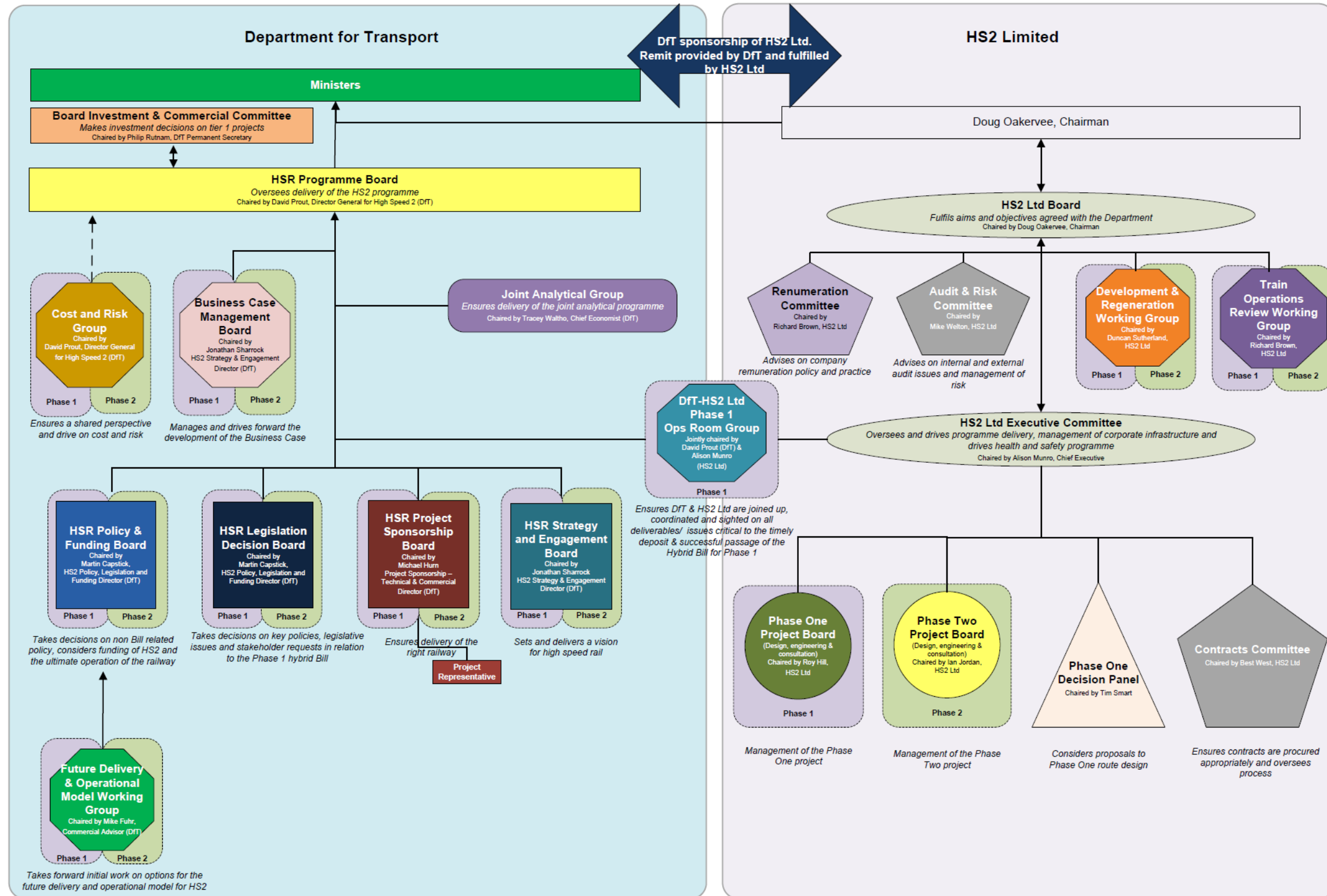
Delivering a programme of this size to such a challenging timetable increases the risk to the health and general well-being of all those involved. The Group's senior management team has recognised this and asked the Programme Development team to work with other teams through the 'One Team Working' initiative to identify some very practical ways in which individuals and/or groups can help either themselves or others to maintain a healthy and safe working environment – one in which everyone feels supported and motivated to perform at their best during the course of their time working on the programme.

This will be in place by December 2013.

Document Control

112. Document control provides a framework for ensuring documents are created and managed effectively. A document control document sets out DfT's approach to creating and updating documents or forms; the use of version control; the classification of documents; and saving documents to the Approved File Plan, including naming conventions. This document is updated regularly and distributed to the wider team as best practice.
113. The arrangement established by HS2 Ltd for the control of documents is described within the HS2 Ltd Document Management Procedure. This describes how documents will be reviewed and approved for adequacy, how revision control will be managed and how documents and records will be stored to allow for future retrieval.

Annex A – Governance Framework for High Speed 2



Annex B – Remit letter



Department
for Transport

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Web site: www.gov.uk/dft

Our Ref:
Your Ref:

27 JUN 2013

REMIT OF HIGH SPEED TWO LIMITED

Following the Second Reading of the High Speed Rail (Preparation) Bill in Parliament yesterday, which confirmed the Government's decision to proceed with the development of a high speed rail network in the UK, I am writing to clarify the **remit of HS2 Limited**.

I look to the Company to continue to act in a **delivery role** on some aspects and an **advisory role** on other aspects of the development of the high speed rail network.

Delivery role

High Speed 2 programme

I look to HS2 Ltd to help make High Speed 2 an **Engine for Growth**.

You should develop strategic themes designed to deliver this vision, which will contribute to local economic development and to the supply chain. You should identify and develop **options for the development of land** at and around the proposed **station sites** in partnership with local stakeholders and advise me on those options. Your proposals should look to maximise the opportunities for local economic growth and early delivery of development. With respect to land owned by the Department, the Company should advise the Department on the level of commercial return that could be expected from developments offset by the additional scheme costs required to realise

those opportunities. Working with local partners, you should negotiate funding contributions towards the cost of the development activities, the railway and/or ancillary works and agree with the Department whether to accept them.

Regeneration driven by the railway and vibrant city regions are key objectives of the Government. The Company should engage with local partners on how station design and operation can best support **regional development** and master planning objectives. I expect you to advise the Department on options for meeting this objective with a clear view of budgetary and timing implications. It is my intention to amend the Company's remit in due course in the light of the options you develop.

I want the Company to continue to work in close partnership with the Department to develop and deliver a comprehensive **communications and promotional strategy** for HS2, including communicating the strategic themes mentioned above. It needs to balance and separate information provision through formal and informal consultation and engagement on the delivery responsibilities above with activities to promote the wider benefits that HS2 can bring. The strategy should be informed by regular opinion research, to reach out to media, key partners and stakeholders in equal measure. The Company should take care to include elected members from all major political parties in their engagement at local level.

Finally, I expect the Company to **project plan and provide assurance** on all those activities for which it has lead responsibility, and to work in partnership with the Department for the planning and assurance of the programme as a whole.

Phase One (London to West Midlands)

Following the confirmation of a preferred route for the London to West Midlands phase in 2012, HS2 Ltd was invited to undertake further work and provide **advice to enable my Department to deposit a hybrid Bill** in Parliament in respect of the London to West Midlands line, including connections to HS1 and to the West Coast Main Line, and, subject to parliamentary approval, to secure powers for the scheme. My intention is to introduce such a hybrid Bill before the end of 2013.

The Company's activities should comprise: the delivery of a safe, secure and affordable **route design** on time and on budget, designed for the passenger; assessment of the environmental impacts of this design and production of the Environmental Statement; and consultation with all relevant bodies on aspects of the proposals.

HS2 Ltd should lead **discussions with stakeholders** about these issues. In due course some stakeholders are expected to petition against aspects of the hybrid Bill. HS2 Ltd should implement a petitioner management strategy agreed with the Department, recognising that resolution of a number of individual petitions is likely to require the Department's input in terms of agreeing an acceptable solution to petitions or policies to mitigate any petitions.

The expected **outputs and high level objectives** for the route from London to the West Midlands were set out in detail to the extent possible at that stage in the Sponsor's Requirements document issued by the Department in August 2012. I intend that these should be updated later this year.

As a result of the Government's spending settlement announced by the Chancellor yesterday and the Chief Secretary's statement today on infrastructure investment, the Department has a funding envelope for HS2 to 2020-21 and the Company has been set a **target price** for Phase one works. I expect you to deliver Phase one to the current assumed scope, which includes design and environmental changes to improve the scheme, within a target price of £17.16 billion in 2011 prices. This amount includes a 10% risk allowance over the life of the project. As I made clear to the House yesterday, I expect the project to be delivered within this target amount. I am asking officials to work together with your team to agree how this approach will be applied in practice to jointly managing the costs that we can control.

I intend shortly to make safeguarding directions for the route of Phase one, following which I will look to the Company on my behalf efficiently to **acquire the property** that may be required for the first phase of the railway. The Department will set out in detail the extent of delegated authority and the controls and governance arrangements that will apply to property acquisition, management and disposal. I also wish the company to operate the **discretionary compensation** schemes including the Exceptional Hardship schemes on my behalf.

Phase Two (West Midlands to Leeds and Manchester)

HS2 Ltd should continue its work on developing the **design of extensions of the route** from Birmingham to Leeds, with a connection to the East Coast Main Line, and to Manchester, with a connection to the West Coast Main Line.

Following my announcement in January 2013 of the Government's initial preferences for the Phase two routes, stations and depots, HS2 Ltd should prepare materials and provide advice to develop and inform the **public consultation** I intend to launch later this year. I expect this consultation to engage, inspire and inform all key interest groups and campaigning bodies

on the Phase two route, and to build the foundations of a long-term dialogue with the general population in the major cities that HS2 will serve. The Company should conduct the consultation, the analysis of responses and report on the findings and further work in order to allow me to announce final decisions by the end of 2014.

Advisory role

In order to inform the development of the Y-shaped high speed rail network, HS2 Ltd should continue to undertake strategic work on the longer term **options for serving Scotland and the North East**, as agreed from time to time with my Department.

HS2 Ltd should continue to advise my Department on **costs, benefits and commercial issues**, so that the business case for the London to West Midlands phase and for the whole Y-shaped network can be updated and I can have assurance that costs are well controlled.

HS2 Ltd should take forward initial work on the **train and systems operations** for the railway once built.

We are moving from the design to the set up and ultimately the delivery phases. Without prejudice to who will be the **designated undertaker**, I would be grateful for your proposals to move the Company from the design to the set up phase. I want the Company to work with the Department in developing options for the future delivery and operational model for HS2 in order that I can take timely decisions on the future role of the Company and the approach to procurement of long term contracts for the construction and operation of the railway. I anticipate that following the completion of this work, I will need to revise HS2 Ltd's remit to reflect the decision made.

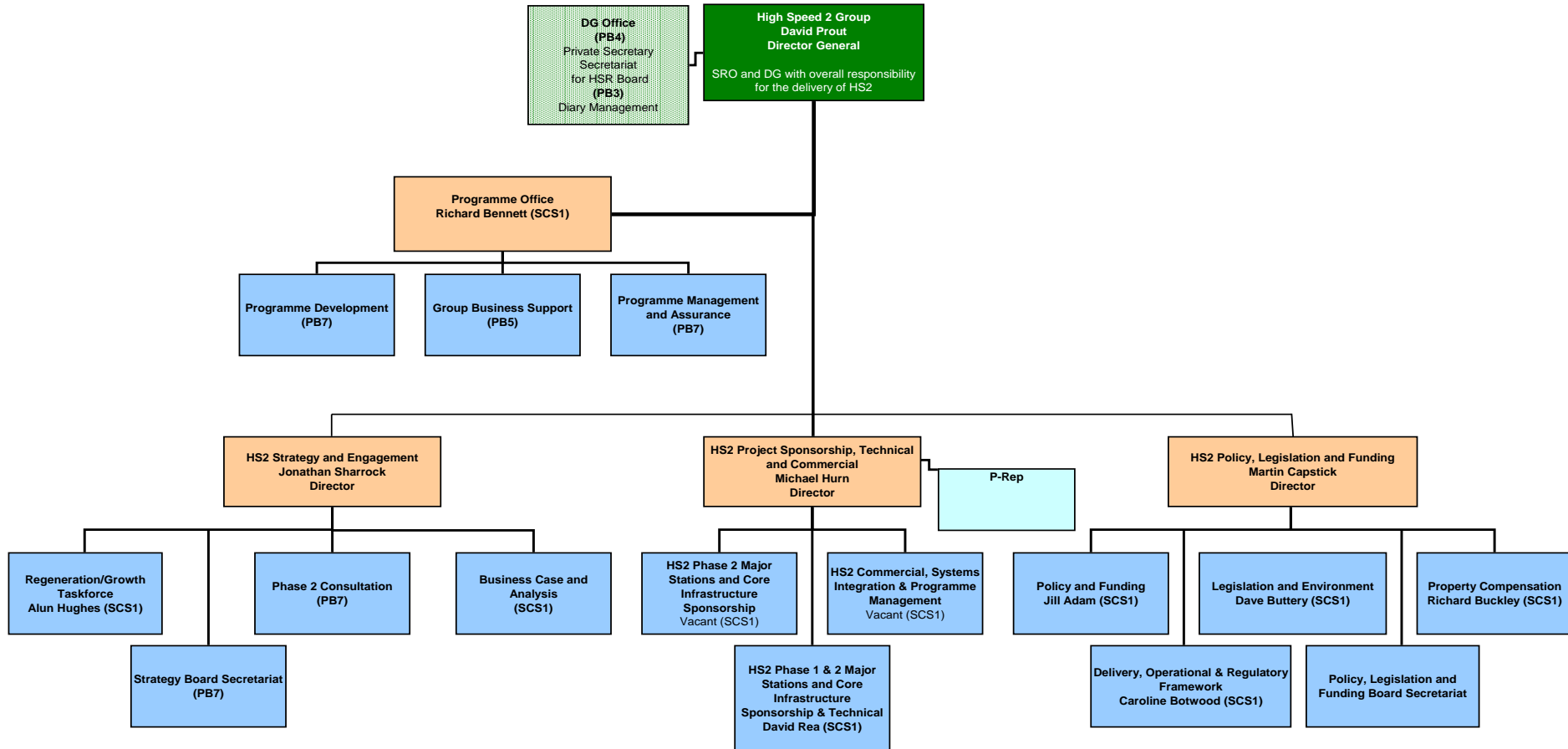
In the meantime, to assist the Company's forward planning, my intention remains that HS2 Ltd should continue to manage the ongoing activities necessary for the provision of the high speed railway.

This remit letter supersedes previous remit letters sent to HS2 Ltd. I have asked officials to agree with the Company any further documentation of governance, cost control and strategic themes that may be required in consequence of this remit.

y - sincerely
Patrick McLaughlin

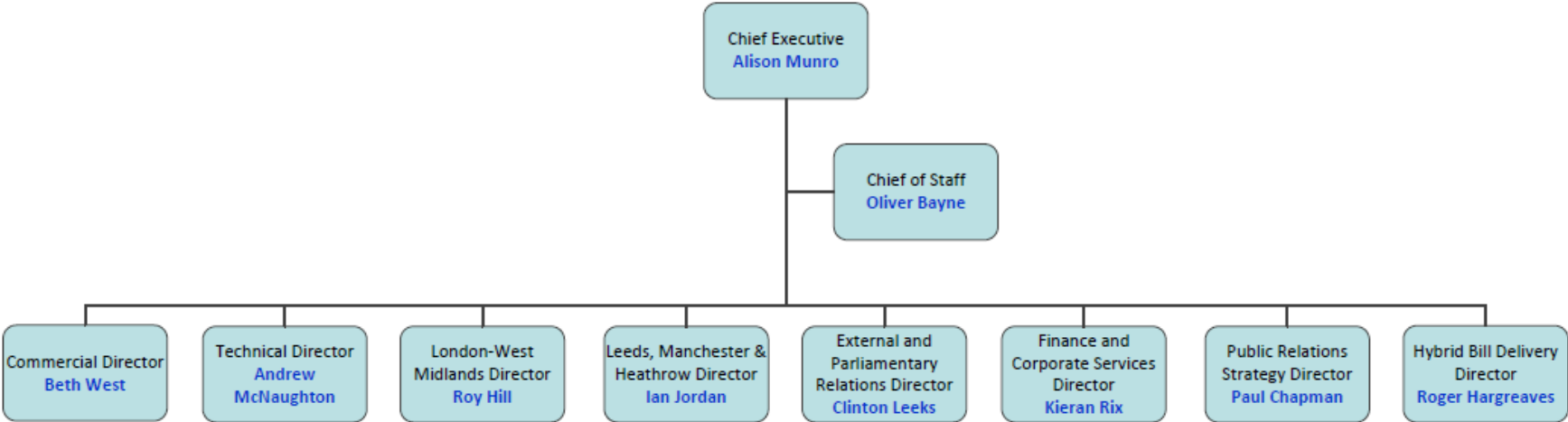
THE RT. HON. PATRICK McLOUGHLIN

Annex C – DfT High Speed Rail Group Organogram



* **P-Rep** - DfT Project Representative (P-Rep) monitors HS2 Ltd's approach to risk management; providing monthly reports to the DfT Project Sponsor, including a section on risk; and providing an independent assessment and reports on key risks in the programme

Annex D – High Speed 2 Organogram





Risk and Issue Management Strategy for High Speed Rail

Contents

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1. Introduction

About this document

- 1.1 This document sets out the strategy for managing risks and issues within the High Speed Rail (HSR) programme. It has been developed jointly with HS2 Ltd. It includes detail on the difference between a risk and an issue, respective roles and responsibilities, how risks are identified, assessed and addressed, how issues are recorded and tracked; and how we report and escalate both risks and issues through the programme's governance structure.
- 1.2 This document has been produced in accordance with both the DfT Risk Management Policy and with reference to HS2 Ltd's Risk Management Strategy. It will be maintained and updated by the DfT High Speed Rail Programme Management Office (PMO) and reviewed and approved at least annually, on 1 April, by the Senior Responsible Owner (SRO) of the High Speed Rail programme.

What is the difference between a risk and an issue?

- 1.3 The delivery of the HSR programme on time, to quality and to budget is surrounded by uncertainty. These uncertainties or risks as we refer to them, can present both threats, but also opportunities. It is important that we manage these threats to reduce the likelihood and impact of these occurring and to exploit any opportunities that may arise.
- 1.4 Issues can arise not only from risks materialising, but also come out of the blue from unforeseen events or external factors. It's important to remember that a risk can become an issue, but an issue is not a risk – it has already happened.



Risks v Issues

Risk is the uncertainty of outcome, whether positive opportunity or negative threat, of actions or events. It is the combination of likelihood and impacts, including perceived importance	Issues are present problems raised when something has already happened or gone wrong; or risks that have materialised and which without action, may interfere with the successful delivery of the programme.
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2. Managing risks and issues effectively

- 2.1 Risk and issue management is an essential part of good project management. It allows us to:
 - have increased confidence in our ability to achieve our objectives;
 - effectively constrain threats to acceptable levels and/ or take informed decisions about exploiting opportunities;

- provide assurance internally and externally to organisations such as the Major Project Authority or National Audit Office that risks and issues are being actively managed; and
 - allow stakeholders to have increased confidence in the programme's governance and our ability to deliver.
- 2.2 The senior management teams of both DfT HSR and HS2 Ltd promote a 'no surprise, no blame' culture, where well managed risk taking is encouraged and managers lead by example in encouraging the right behaviours. These include
- being open and honest about the risks your work area faces;
 - recognising the importance of risk management and taking time to consider risks;
 - taking responsibility for work undertaken, including using your knowledge as to how/when risks associated with it need to be escalated;
 - encouraging good risk and issue management, embedded into day to day working;
 - using the risk processes in place to identify, assess and address risk;
 - listening and providing feedback on risks including any mitigating action planned; and
 - talking to others who may be affected by a risk or who are impacted by an issue.
- 2.3 Risk and issue management is not just a once a month exercise of filling in a template. For risk management it involves regularly thinking through our objectives, what it is we are aiming to achieve, what could prevent us from delivering this or what opportunities could arise; and what we have and plan to do to manage it should it materialise. For issues it is about recording and communicating to those affected or concerned what the issue is that has arisen and how we plan to respond.
- 2.4 All risks and issues should be entered on to and updated using the standard templates that exist within the DfT HSR Group or HS2 Ltd. Within the DfT HSR Group, this is through the project management toolkit which allows teams to manage plans, record risks and log issues. The toolkits for each team are kept on the shared drive accessible to all staff in HSR Group. To ensure an accurate month by month or week by week record is kept, toolkits should be updated using version control. This also enables you to return to a previous version should anything go wrong with the current version.
- 2.5 By ensuring risks and issues are reviewed regularly it will allow us all to have better confidence that we can achieve our objectives, provide assurance that threats are being managed, opportunities are being exploited and issues are being actively managed.

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3. Roles and responsibilities

- 3.1 The **SRO** for the HSR programme is responsible for:
- reviewing and providing feedback on risks and issues escalated by DfT HSR Directors or HS2 Ltd board members to the High Speed Rail Programme Board;
 - taking the decision as to which risks to escalate further from the HSR Programme Board to the DfT Board applying the DfT Board escalation criteria; and
 - reviewing and approving, at least annually on 1 April, the High Speed Rail Risk and Issue Management Strategy
- 3.2 **DfT HSR Directors** have been delegated the responsibility for managing risks and issues by the SRO for their own work areas or within any Project Boards or working groups they chair. It is the responsibility of each Director to actively manage risks and issues, identifying those that need to be escalated to the HSR Programme Board either as a stand alone agenda item or through the PMO's Monthly Progress Report.
- 3.3 Within DfT - **building block leads** are responsible for reviewing their risks and issues on a regular basis, using the toolkit as the standard tool for doing so and escalating risks as appropriate to their Director. All risks and issues must have a designated owner. Toolkits should be saved using version control to enable teams to see month by month changes in how risks and issues have been managed.
- 3.4 **Individuals** within the DfT HSR Group are responsible for identifying and assessing risks in their own work areas and where appropriate, taking action to mitigate these risks and recording progress on the toolkit. In managing risks it's important the legal, presentational and financial impacts are all considered. Individuals are also responsible for recording and communicating issues, including to others who may be affected.
- 3.5 The **HSR Group Programme Management Office (PMO)** is responsible for updating and maintaining the Risk and Issue Management Strategy and seeking its approval by the SRO at least annually on 1 April. The PMO is also responsible for collating risks for escalation to the HSR Programme Board. As a rule - all risks with a current exposure level of 15 or higher will automatically be escalated through the DfT PMO's Monthly Progress Report. Should risks with a current exposure level of below 15 also need to be escalated, Directors should ensure these are drawn to the attention of the PMO. Issues will be escalated by the PMO through the Monthly Progress Report, unless they are stand alone items already on the HSR Programme Board agenda.
- 3.6 **HS2 Ltd** is committed to implementing a programme wide risk management culture, and adopting best practice in identification, evaluation and effective management of risk. HS2 Ltd will use its own risk assessment criteria in doing this. As with DfT HSR Directors, it is the responsibility of HS2 Ltd to escalate risks and issues where appropriate to the HSR Programme Board direct and/or through Project Boards or working groups where there are HS2 Ltd members. Further information on arrangements for managing and escalating risks and issues internally

within HS2 Ltd is included in the HS2 Ltd Risk Management Strategy, and the HS2 Ltd Risk Management Procedure.

- 3.7 The **DfT Project Representative** is responsible for monitoring HS2 Ltd's approach to risk management; providing monthly reports to the DfT Project Sponsor, including a section on risk; and providing an independent assessment and reports on key risks in the programme.
- 3.8 Risk training is available in both DfT and HS2 Ltd. Within DfT full details of learning resources available, including an online e-learning risk course, can be found through the risk management section of [Transnet](#).

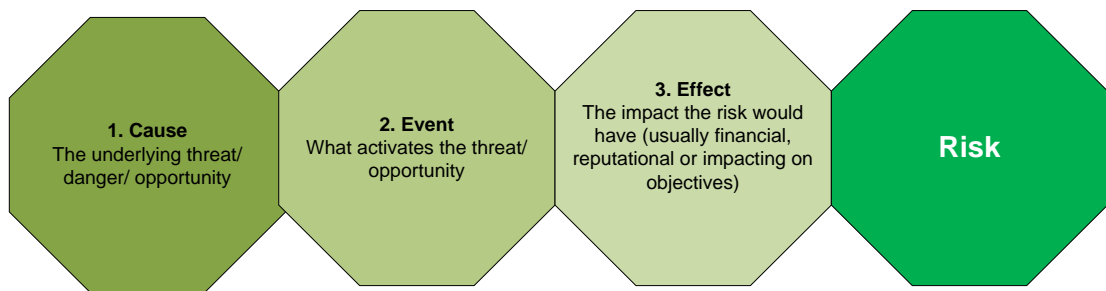
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4. Identifying, assessing, addressing and escalating risk

- 4.1 There are four stages in the risk management process
 - **Identifying the risk**- this can be either as part of a new team or project or as part of a continuous review exercise;
 - **Assessing the risk** – appraising the likelihood of the risk materialising and the impact this could have;
 - **Addressing the risk** – through minimising the threats or taking advantage of the opportunity through existing controls in place and through planned mitigation; and
 - **Reviewing and reporting risk** – through individual risk registers and where appropriate escalating risks upwards.

Identifying the risk

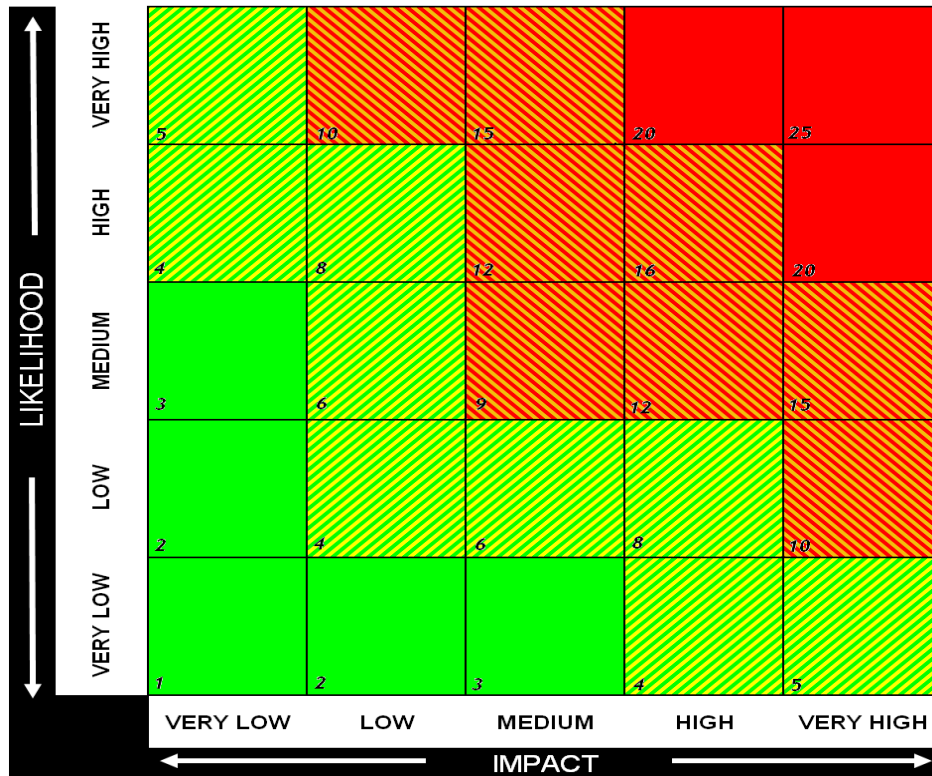
- 4.2 Risks can be identified from a range of sources. These can include from:
 - the external environment, for example through changes in Government priorities or in complying with changing environmental standards;
 - operationally through our ability to deliver through changing systems/processes or our capacity and capability to achieve our priorities against targets; or
 - from new projects or policies where it is critical for decisions to be taken on time or where there may be uncertainty about our ability to deliver.
- 4.3 In articulating a risk, it is vital that its cause, event and effect are clearly spelt out to enable someone not familiar with the area of work to know the context and impact it could have. This could for example include a financial, presentational or legal impact.



Assessing the risk

- 4.4 All risks should have a designated owner, recorded on the risk register. In line with DfT Risk Management Policy, each risk needs to be assessed 3 times:
71. before any mitigating action has been taken (the **'inherent'** likelihood and impact);
 72. after existing controls are factored in – spelling these out on the risk register (the **'current'** risk likelihood and impact); and
 73. post mitigating action – taking account of any which is planned, including with a target date, both recorded on the risk register (the **'target'** risk likelihood and impact)
- 4.5 The criteria for assessing the likelihood and impact of risk in DfT are provided in Annex A. There is also further information on how to address risk in the [How2 Guide on Transnet](#). HS2 Ltd's criteria for assessing the likelihood and impact of risk are included in the HS2 Ltd Risk Management Strategy.
- 4.6 Once each risk is scored for its likelihood and impact, it will produce an exposure level at the inherent, current and target stages. The maximum score for exposure is 25, which is red, as shown on the risk exposure matrix below and would demonstrate a very high impact and a very high likelihood.

Risk exposure matrix



4.7 The exposure level is one of the key factors in escalating risks. It enables Directors and Building Block leads, amongst others, to identify those risks which are of greatest concern and enable each risk to be compared, taking account of the financial impact of each, along with its relative proximity. It can also enable decisions to be taken as to whether further mitigating action could or is needed and/or who is best place to manage this.

Addressing risk

4.8 The response to a risk will vary on a case by case basis and will depend on the risk appetite in managing it. There are four approaches to addressing and mitigating threats within both DfT and HS2 Ltd. These are:

<p>Tolerate</p> <p>The exposure may be tolerable without further action or the cost of mitigation disproportionate to the benefits gained. Consideration should be given to contingencies for handling the impacts if realised</p>	<p>Treat</p> <p>Action/ control is taken to constrain the risk to an acceptable level</p>	<p>Transfer</p> <p>Transfer to another team or organisation who may be better placed to manage the risk. Such transfer are subject to agreement from both sides</p>	<p>Terminate</p> <p>Some risks will never be treatable or confinable to acceptable levels so the decision to terminate an activity may be taken</p>
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- 4.9 Risks can of course also generate opportunities. In such cases, consideration should be given as to whether and how such opportunities could be exploited.
- 4.10 In managing risks which are to be treated, existing controls should be set out before the 'current' likelihood and impact scores are generated. Mitigation action which is planned should then be clearly spelt out in the relevant column on the risk register, with a date for when it is expected to be complete to enable this to be tracked and recorded. It is important to bear in mind whether the likelihood or impact needs greatest attention in considering how best to address the risk. The effect mitigation has on a risk should be reflected in the score shown on the risk register for the 'target' likelihood and impact.
- 4.11 It is worth bearing in mind that whilst preventative measures and mitigation can be taken to control and constrain a risk, it may not prevent it entirely and teams should consider proportionate contingency arrangements should the risk materialise.
- 4.12 An essential part of assessing risk is also considering the financial impact of a risk materialising. The most likely value or range of values of financial expenditure or saving of expenditure after mitigation should be noted on the register with reference to which budget will be affected – in DfT for example AME or DEL, resource or capital; programme or admin.

Proximity of risk and financial impact

- 4.13 In addition to assessing and addressing the risks, risk owners are responsible for also considering the proximity of the risk and its financial impact. Columns for both are provided on the risk register.
- 4.14 With proximity, this is the timeframe in which the risk is likely to materialise. It is important risk owners are as precise as possible in defining the proximity, as this will assist in prioritising risks to be escalated. If the risk may impact at various points, the nearest proximity should be used.

Reviewing and reporting risks

- 4.15 Within DfT HSR Directors have been delegated responsibility for managing risks within their work areas and for any Project Boards and/or working groups for which they are responsible. It is recommended that teams review their risks regularly and discuss these, including the scoring, with their Director, who will provide feedback including on the scoring and planned mitigating action.
- 4.16 All risks with a current exposure level of 15 or higher will automatically be escalated to the HSR Programme Board from each team's risk register. Directors may wish to escalate other risks which score less than 15 for the attention of the Board. In such circumstances it is the Director's responsibility to ensure the Programme Office are aware of such risks.

- 4.17 HS2 Ltd are responsible for the management and escalation of their own risks and it is the responsibility of the company through its membership of the HSR Programme Board, Project Boards and working groups to escalate risks as appropriate. At least once a month HS2 Ltd will submit a risk report to the HSR Programme Board based on those risks the company identifies as needing the attention of the Board.
- 4.18 Copies of risks escalated to the HSR Programme Board can be obtained from the DfT Programme Office.
- 4.19 At the HSR Programme Board the SRO will decide, in discussion with Board members, which risks meet the criteria for escalation to and/or need to be escalated further to the DfT Board via the DG Business Partner. The Programme Board may wish to challenge the scoring or the planned mitigating action in doing so and provide feedback to Directors or HS2 Ltd Board members. If the scoring, and/ or planned mitigation actions of a risk are challenged, the rationale for the assessment should be discussed with the Director or HS2 Ltd, with a view to reaching an agreement on any potential re-assessment of the risk. This will be coordinated by the DfT and HS2 Ltd Programme Management Offices
- 4.20 Escalated risks with a current exposure level of 20 or higher will automatically be escalated, in line with DfT Risk Management Policy to the DfT Board. The DG Business Partner may combine risks for the purposes of escalation to the DfT Board and will do so on advice from the DfT and HS2 Ltd Programme Offices.

Project Representative risk management and escalation

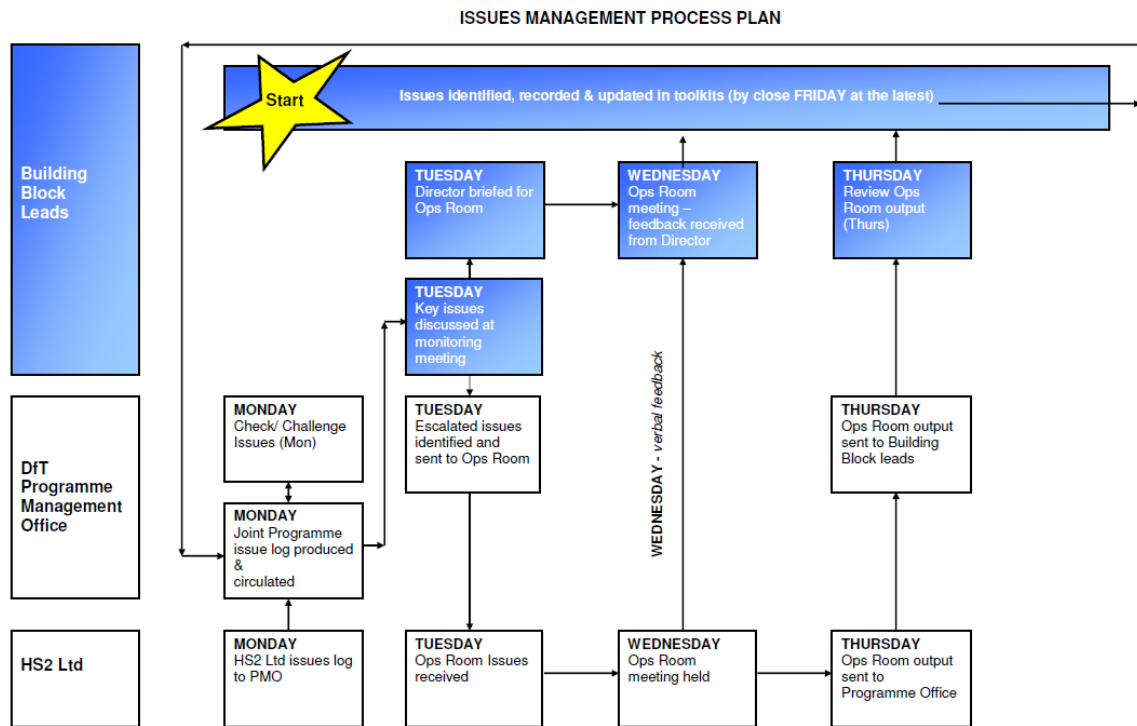
- 4.21 On behalf of the DfT Project sponsor, the Project Representative monitors HS2 Ltd's approach to risk management and reports on risks which may impact on the delivery of the Sponsors' Requirements. The P-Rep also provides independent oversight of HS2 Ltd's risk management activities and on the upward reporting and escalation of risk to the HSR Board. In addition, the reports provided by the P-Rep highlight key risks and make recommendations on any appropriate actions that might be taken to further mitigate such risk.

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5. Managing Issues

- 5.1 Issues can arise either out of the blue or from risks materialising. As with risks, the management of issues has been delegated to HS2 Ltd and to DfT HSR Directors to manage. It follows an agreed process (shown below) where teams within both organisations record issues on their own team issue registers using an agreed RAG rating system.
- 5.2 In completing the issue register, the description should be clear and concise, enabling someone not working in the team, to be able understand easily what has happened. Each issue should:

- have a DfT/ HS2 Ltd owner and counterpart, where appropriate, in the other organisation,
- set out concisely what the issue is and the potential impact;
- outline the action in hand to deal with the issue and a date for resolution;
- be RAG rated using agreed criteria;
- identify if the issue needs escalation to the Phase 1 Ops Room; and
- outline where the issue is currently open or closed.



- 5.3 Where practicable issues are dealt with at a working level between teams either wholly within the organisation or where appropriate across organisations. Individual issue owners should liaise with any other teams who may be impacted by the issue to ensure they are aware.
- 5.4 The DfT Programme Management Office pulls together issues from across the programme, along with those from HS2 Ltd to produce a weekly joint DfT/ HS2 Ltd Programme Issue Log. This is shared across both organisations. Those issues identified by Directors or teams in their issues register for escalation are escalated to one of the established Project or Programme Boards or working groups. Issues particular to the introduction of the Hybrid Bill for example are typically dealt with at the weekly Joint DfT/ HS2 Ltd Phase 1 Operations Room meetings where a speedy resolution and plan forward is agreed.
- 5.5 Depending on the timing of escalation, issues can be also incorporated into the monthly progress report to the HSR Programme Board from the DfT Programme Office or through a stand alone item on the agenda. As guardians of the HSR Programme Board agenda it is important that either way the DfT PMO is aware of any issues being escalated.

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Annex A - DfT risk assessment criteria

Department for Transport Group Risk Assessment Criteria

Likelihood Assessment Scores

Score	Very Likely (5)	Likely (4)	Possible (3)	Unlikely (2)	Very Unlikely (1)
Probability	75+%	50-74%	30-49%	5-29%	<5%

Impact Assessment Scores – where a risk has more than one impact the impact score is that of the highest scoring impact.

	Very High/Severe (5)	High/Major (4)	Medium/Moderate (3)	Low/Minor (2)	Very Low/Insignificant (1)
Transport Disruption	Serious (unwanted or unplanned) disruption to transport networks. One single national or London network element, ie: major airport/airline, major SRN route, main rail line, major container port, shut down 1+ days Multiple network elements in one local district shut down for 1+ days	One single national or London network element, ie: major airport/airline, major SRN route, main rail line, major container port, shut down for 3+ hours Multiple network elements in one local district shut down for 3+ hours	Minor unplanned disruption to national or London network.		
Service Delivery	Serious unplanned disruption to delivery of public service(s) A front line service suspended for 1+ days Failure to meet several key customer facing targets Loss of (or security breach to) 0.5% of customer data	Reasonably serious unplanned disruption to delivery of any public service(s) A front line service suspended for up to 1 day. Failure to meet a key customer facing target. Loss or breach of security in relation to <0.5% individual customer records	Any unplanned disruption to delivery of any public service Failure to meet any customer facing targets		
Project/Objective Delivery	A key departmental, Government, or customer-facing commitment will be delayed by greater than one year or never delivered A tier 1 strategic project will be delayed by greater than one year or never delivered A customer facing KPI will be missed continuously over a period greater than one year Failure to deliver either domestic or European legislative requirement	A key initiative, a business plan commitment, a Government manifesto commitment or Prime Ministerial pledge or tier 1 project will be delayed by up to one year A customer facing KPI will be missed A tier 2 strategic project will be delayed by greater than one year or never delivered	A tier 1 project will be delayed by up to 2 months. A tier 2 project will be delayed by up to 1 year	An internal milestone will be delayed by greater than one year or never delivered An internal KPI will be missed continuously over a period greater than one year	An internal milestone will be delayed by less than one year
Financial	Financial impact of greater than £100 million Greater than 10% of Agency budget.	Financial impact of between £15-£100 million between 7% and 10% of Agency budget (in current spend review period)	Financial impact of between £5-£15 million between 5% and 7% of Agency budget (in current spend review period)	Financial impact of between £1-£5 million between 3% and 5% of Agency budget (in current spend review period)	less than £1m impact
Reputation	Sustained or widespread criticism of the Department, and / or the Secretary of State being pressed to make a statement to Parliament Sustained front page/headline national public criticism of transport policy or the Department lasting at least a week (not including targeted campaigns on specific issues). Events requiring significant time (e.g. more than 6 months) to restore relationships with other Departments or key stakeholders	Some national public or media criticism lasting at least a week (not including targeted campaigns on specific issues) Events requiring medium length of time (e.g. 4-6 months) to restore relationships with other Departments or key stakeholders	Widespread local/regional public and/or specialist criticism (not including targeted campaigns on specific issues) Events requiring at least some significant time (e.g. 3-4 months) to restore relationships with other Departments or key stakeholders	2-3 months to restore relationships with other Departments or key stakeholders	

High Speed 2

Integrated Assurance & Approval Plan

Note: Your Integrated Assurance Action Plan is a dynamic document that will change throughout the life of your programme or project.

It is essential that this document is owned by the SRO and approved by the SRO and programme/project board.

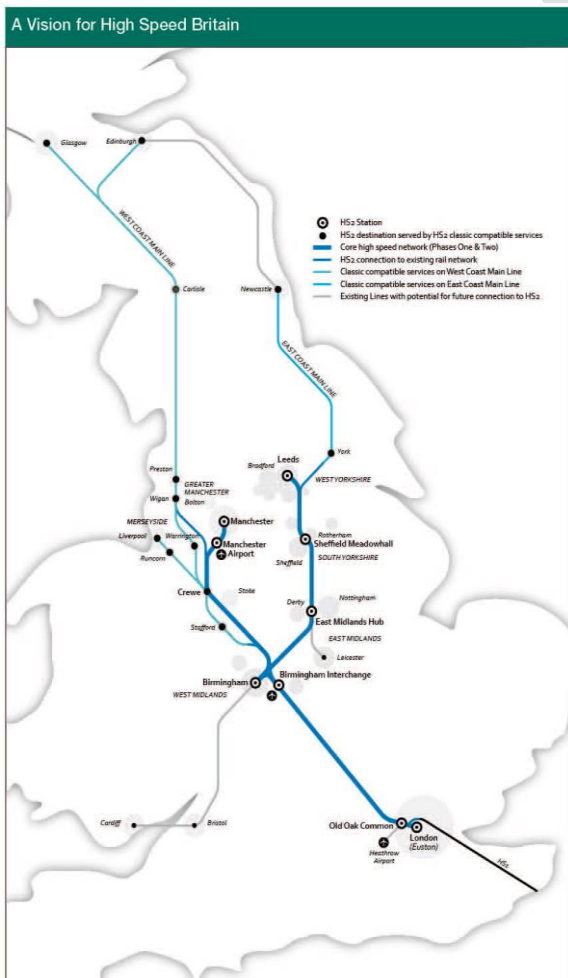
The programme/project manager should ensure that this document is updated at regular intervals and the SRO/programme/project board should review and approve this IAAP at the following intervals, whichever is sooner:

- 1. Every six months*
- 2. After each assurance review*
- 3. After any change in risk level and/or scope requiring board sign off*

Integrated Assurance & Approval Plan

DfT note: Provide a high level summary of the programme scope and its key objectives

1. HS2 is the Government project to build a new North-South railway. It is designed as a long term answer to the capacity problem we face and as a radical way to improve the connections into and between our major cities. Though it is envisaged as a single addition to the transport network, it is designed in two phases: the first principally to address the need for new capacity in the corridor currently served by the West Coast Main Line, and the second phase extending that line to bring greater benefit to the major cities of the north. Both phases are fully integrated into the existing rail network.
2. Phase 1 of HS2 would see a new high speed line constructed from Euston to north of Birmingham, where it would re-join the existing West Coast Main Line allowing fast services direct to destinations on the existing line including Manchester, Liverpool, Crewe, Preston and Glasgow. New high speed trains would serve Birmingham city centre and an interchange designed to serve the wider West Midlands. At Old Oak Common in west London, a new interchange would be built connecting HS2 with Crossrail, the Great Western Main Line and the Heathrow Express.



3. The proposals for Phase 2 would see the line extended north and east, to join the West Coast Main Line south of Wigan and the East Coast Main Line approaching York. There would be new stations in the city centres of Manchester and Leeds, with intermediate stations in the East Midlands at Toton and near Sheffield at Meadowhall.
4. HS2 is designed for a top speed of 250mph. Plans envisage services running at up to 225mph, which is becoming the standard capability for new high speed trains. Operation at 250mph will be possible, but the noise impacts (for example) will have to be considered first. New stations on the line would be built to accommodate 400m long trains, each capable of carrying up to 1,100 passengers as is typical for high speed rolling stock.
5. The choices made in the design of HS2 are detailed at length in the consultation documents that have been published as part of Phase 1 and Phase 2. This strategic case sets out at a high level how both phases of HS2 can

deliver the set objectives. The balance of benefit is towards additional capacity in Phase 1 and towards better connectivity in Phase 2.

6. The key objectives of HS2 are:

- to provide sufficient **capacity** to meet long term demand, and to improve resilience and reliability across the network; and
- to improve **connectivity** by delivering better journey times and making travel easier.

MPA guidance - this section should set out: reference to the corporate IAAS, what an IAAP is, its objectives

This plan sets out the assurance activities that will be used to provide assurance to the SRO, ExCo, and Government (HMT, Cabinet Office) that the programme is delivering effectively – to budget, timetable, scope etc). Its aim is to leverage appropriate assurance on key aspects of the programme. It aligns to the Department's Integrated Approvals and Assurance Strategy and the governance and controls set out in the HS2 programme governance framework. The objectives of the IAAP are to:

- Outline the assurance requirements for the programme
- Set out the assurance and approval activities planned
- Explain how assurance will be used to support informed decision-taking.

MPA guidance - this section should include how the IAAP will be used by the project team; scope of the IAAP, including any exclusions or exceptions; reference to the MPA requirements for IAAPs (for major projects).

Integrated Assurance and Approval Plans (IAAPs) are a mandatory requirement for all central government major projects from April 2011.

The HS2 Programme IAAP will be used to:

- Plan assurance activities at the most useful points in the programme schedule especially before key decision points and delivery of key outputs (Business Case etc)
- Understand the total impact of assurance activities across different programme workstreams to ensure that assurance is sufficient s proportionate and managed effectively.
- Effectively schedule in workstream and programme plans the preparation activities that need to be carried out in advance of assurance and approval points including internal reviews/clearances etc.

The scope of this IAAP is 2013/14 and 2014/15 for Phase 1 and Phase 2 and includes both the HS2 Ltd and DfT activities. In developing the IAAP programme-wide risks, including the Risk Potential Assessment, have been reviewed and roles and responsibilities for assurance and approvals (i.e. for both HS2 Ltd and DfT) have been agreed. An assurance and approval schedule has been developed for all worksteams and for programme-wide assurance and approvals (e.g. by the Major Project Authority, HMT and the National Audit Office).

MPA guidance - need to include:

- *Tools and techniques used to determine risk and focus for assurance activities, e.g. the RPA form submitted to the MPA prior to arrangement of assurance reviews*
- *Description of how the IAAP has been developed.*

DfT note – this section should highlight the major risk themes for the project/ programme, rather than individual entries from the risk register.

Identifying assurance requirements

The scale and complexity of HS2 makes it intrinsically risky and therefore the SRO, DfT bodies and other Government s Departments need frequent and valuable assurance to support ongoing decision making.

In addition to determining the depth and breadth of their assurance needs, key milestones and products, and risks and issues have been considered to determine the assurance activities required.

The following sources have been used to inform this plan

- The DfT Integrated Assurance and Approvals Strategy
- The HS2 programme Integrated Assurance and Approvals Strategy and planning documents developed between 2010 and Dec 2012
- The Risk Potential Assessment
- The HS2 high level programme plan
- SRO delegation letter
- HS2 Ltd delegations and governance framework
- The HS2 programme risk strategy and programme risks and issues log
- DfT Internal Audit's provisional HS2 audit plan, April 2013 and September 2013
- [HSR Programme Board scrutiny]
- Feedback from DfT's HSR programme teams
- Business Case Approval Framework
- DfT Governance
- Application of lessons learned for Phase 2
- Previous assurance recommendations – MPA, NAO, MPRG
- Assurance arrangements – P-Rep and Integrated Assurance Group
- HS2 Ltd Programme Assurance Strategy
- HS2 Ltd Risk Log
- HS2 Ltd Audit and Risk Management Committee
- HS2 Ltd Audit Programme – including current and previous internal audit coverage:

Risk themes

The risk themes below have been used to develop an IAAP that is focused proportionately on the right activities/milestones at the right time to provide the maximum support to the programme and SRO. The proximity of risk has been taken into account in identifying these themes, with a focus on risks to the programme over the next 1-2 years.

Timetable

Deposit the Hybrid Bill of Phase 1: If the Supreme Court judgment is still outstanding by 25 November a decision will need to be taken on whether or not to introduce the hybrid Bill and / or if the Court finds against the Government or makes a reference to Europe, requiring significant additional environmental work to be completed and causing a large delay to Bill introduction.

Cost

If the Select Committee incorporates new features (tunnels etc) to the scheme or the Parliamentary process, over which we do not have direct control, takes longer than expected, meaning we need to maintain the HS2 Ltd team in the legislative phase for longer than expected there is a risk we incur significant costs

Resources

The size of the programme and the significant expertise required to deliver at pace, together with the demands of the programme mean high turnover of staff; loss of key individuals impacting on timetable. The ERG controls over salary inhibit HS2 Ltd in recruiting the talent required at the correct levels. Additionally limited director-level resource at DfT, HS2 or Network Rail delays completion of the Tripartite Cooperation Agreement, in turn delaying the PPA, and Network Rail petition the hybrid Bill.

Communications

Increasing negative media and stakeholder views contribute to a critical mass of public opinion against HS2 causing the project to be subject to further reviews and delayed.

Risk reporting escalation and management

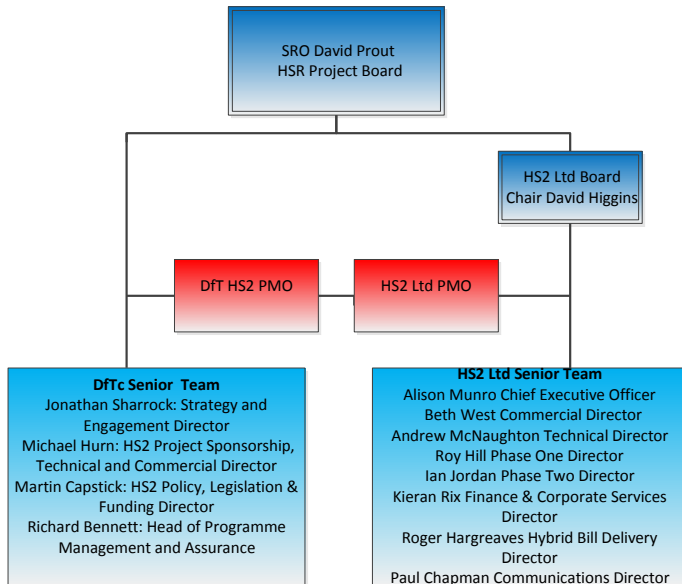
A Risk Management Strategy has been developed for DfT HS2 Programme team that aligns to the Departmental Risk Management Policy. HS2 Ltd have also developed their own risk strategy which also sets out how risks are identified, managed and reported. The HS2 Ltd risk management strategy describes the process of escalation from Directorate risk management registers to HS2 Ltd corporate level and then onto the DfT's HS2 Programme risk register. Both DfT and HS2 Ltd maintain risk registers

MPA guidance - identify who within the organisation has what responsibilities in relation to assurance and approvals; List of additional key stakeholders and interested parties.

DfT note – this should be customised based on the governance structure of the project/ programme. For example, in some cases the SRO will approve the IAAP rather than the programme board.

Below are the key roles and responsibilities for this plan. More information regarding the roles and responsibilities more widely, including Governance bodies, is at Appendix 2:

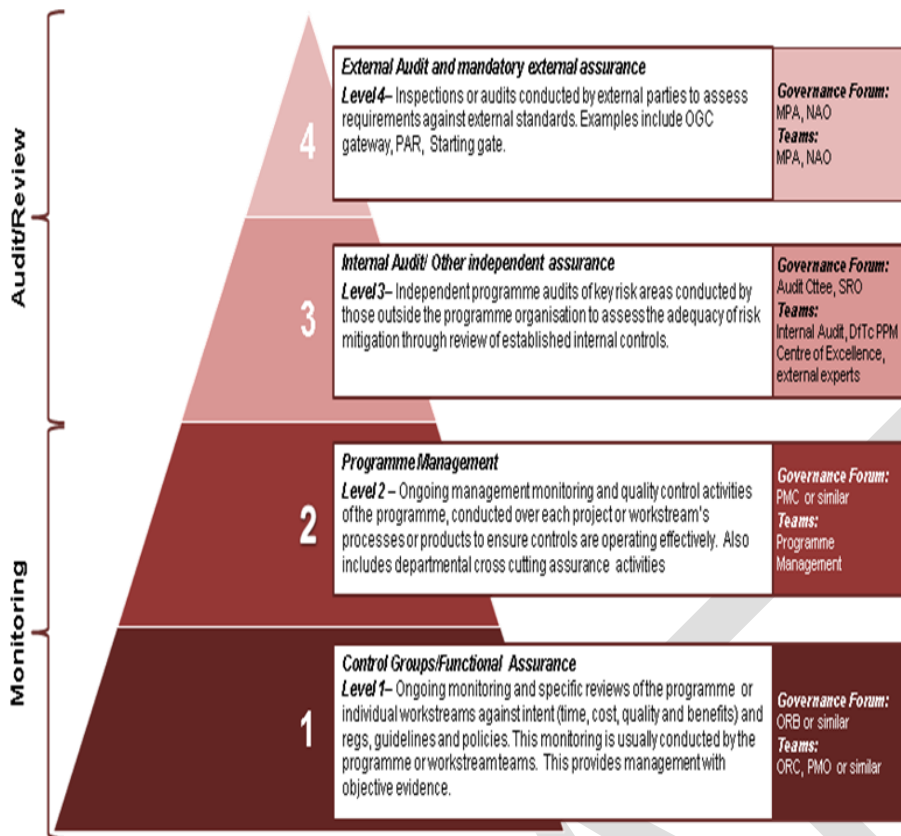
The SRO supported by the Programme Board approves the IAAP. The SRO is responsible for gaining sufficient levels of assurance to appropriately make decisions. The Governance and Assurance Manager in the DfT HS2 Programme Management Office owns the plan



MPA guidance - description of the assurance products to be used; When and why they are to be used.

DfT – add extra risk themes as applicable. Provide a summary of assurance activities using the 4 level framework. Map assurance provider coverage against main risk themes.

We have used the following framework based on the three lines of defence (plus externally driven assurance) to categorise assurance activities for this programme:



Each body involved in assurance for the HS2 programme is shown in Appendix 2 'Approvals and Assurance Bodies'.

Assurance: Assurance of DfT-led aspects of the programme is provided through a number of bodies. A formal workstream reporting mechanism (via toolkit) supports the workstream in planning and managing activity, risk, issue and dependencies. Oversight and challenge of this process is maintained within the PMO, and cross-cutting progress, risks and issues are monitored by weekly Monitoring meetings – the Head of Programme and Assurance meets with all Building Block (workstream) leads to review progress, discuss cross-cutting risk, issues and dependencies.

At level 1, the three Director-chaired Project Boards monitor progress of the individual workstreams providing quality assurance, identifying and managing issues and managing risks. The PMO developed and maintained toolkit provides the basis for monitoring and controlling delivery of activities and assuring delivery to the workstream project boards.

The Level one assurance at HS2 Ltd includes delivery and assured delivery as described within the HS2 Ltd Programme Assurance Strategy (HS2-HS2-QY-PLN-000-000002). HS2 Ltd are developing their management system to meet the requirement of the International Quality Management Standard BS EN ISO 9001 with a view to obtaining external certification by December 2014.

This will mandate the process and procedure that will be followed to perform required tasks in a consistent manner. The assured delivery elements of the system includes the checks and assessments that are mandated to be followed and the approval elements include the approval authority that complete assessment process and give approval of completion of activity to required standards e.g. the certification of the preliminary design.

Critical assurance tasks within this category are programmed into the P6 project programme to ensure that sufficient time is allowed for the assurance activities and provide visibility to senior management of the assurance activities that are to be performed. These assurance activities are included within the Assurance Plan.

Specifically:

- Gate 1 readiness review which was supported by the PSC Interdisciplinary Design Review (IDR)
- Gate 2
B1 to B2 review, change captured and monitored, supported by the PSC's IDR
B3 review, change confirmed and progressed, supported by the PSC's IDR in accordance with the B3 Acceptance Process (HS2-HS2-SA-PRO-000-000012)
B4 review – change confirmed going forward or closed in accordance with the B4 Acceptance Process (HS2-HS2-SA-PRO-000-000018)
- Stage gate Certification process
Identifies configuration (due to change) and integration assurance across directorates. This provides the process for the approval of the design. This is described within the HS2 Ltd. Stage Gate Certification Management Process (HS2-HS2-SA-PRO-000-000025).

Assurance of this work is provided, at level 2, to the HS2 Ltd Board and, in the case of analytical work, by the Joint Analytical Group (which oversees both DfT and HS2 Ltd work). In its sponsorship role DfT(c) approves the main elements of HS2 Ltd's corporate plan, monitors performance, budgeting, control and risk management (through the Project Sponsorship Project Board and HSR Programme Board).

In addition, in its sponsorship role DfT monitors the assurance arrangements in HS2 Ltd, including making sure (through consultation with the Audit and Risk Assurance Division) that HS2 Ltd have an appropriately qualified head of internal audit (HIA). This includes: reviewing HS2 Ltd annual audit report (including risk management, control and governance); reviewing NAO financial and value for money audits; and periodically assessing risk and proposing remedial action.

Further level 2 assurance activities undertaken at HS2 Ltd include compliance and contract audits that verify that HS2 is complying with its documented system and that the principal contractor is complying with the contractual requirements. These are planned, executed, approved and reported as set out within the HS2 Ltd Audit Procedure, including approval by the PSC Gate Acceptance process.

In addition the developed management system will be subject to six monthly reviews to assess that it continues to be effective and suitable for the needs of the organisation. This provides a robust and effective measure on the controls that are in place to manage the activities of HS2 Ltd as it passes through the various stages of the project lifecycle. Over the coming 12 months (from October 2013) the complete management system will be subjected to compliance audit this will provide evidence that the document processes and procedures have been effectively implemented.

At levels 3 independent assurance is provided from within DfT by the PPM Centre of Excellence, Internal Audit and BICC. At HS2 Ltd level three assurance includes the HS2 Ltd Internal Audit process which focuses on key programme risks with specific interest in the governance structure and financial controls that have been developed. The range of activity

comprises regular reports, a programme of audit, and a dedicated assurance function (P-rep) which provides assurance to DfT on key risk. Further independent assurance (at levels 3 and 4) is provided by Expert Review Groups

Level 4 external assurance and approval of the full programme (DfT and HS2 Ltd work) is provided by the NAO, MPA and HMT. As a Government Major Projects Portfolio project, the HS2 programme is subject to end-to-end MPA reviews at key 'gateway' stages (Gateway 0: strategic assessment; Gateway 1: business justification; Gateway 2: delivery strategy; Gateway 3: investment decision; Gateway 4: readiness for service; and Gateway 5: operations review and benefits realisation). MPA assurance reviews are the key assurance used to inform HMT approval to proceed to the next stage of the programme. In addition to the gateway assurance, due to the high inherent risk, high cost and the relatively long periods between formal gateways, the programme will have regular Project Assessment Reviews (PAR) from the MPA (at least one per year). These are scheduled to provide additional assurance ahead of major programme milestones. The project will also provide updates to the MPA as part of the Government Major Projects Portfolio report that is published annually 6 months in arrears.

Assurance coverage

The chart below shows the assurance coverage, for levels 1-4, against the main areas of risk for the programme:

Timetable

Deposit the Hybrid Bill of Phase 1: If the Supreme Court judgment is still outstanding by 25 November a decision will need to be taken on whether or not to introduce the hybrid Bill and / or if the Court finds against the Government or makes a reference to Europe, requiring significant additional environmental work to be completed and causing a large delay to Bill introduction.

Cost

If the Select Committee incorporates new features (tunnels etc) to the scheme or the Parliamentary process, over which we do not have direct control, takes longer than expected, meaning we need to maintain the HS2 Ltd team in the legislative phase for longer than expected there is a risk we incur significant costs

Resources

The size of the programme and the significant expertise required to deliver at pace, together with the demands of the programme mean high turnover of staff; loss of key individuals impacting on timetable. The ERG controls over salary inhibit HS2 Ltd in recruiting the talent required at the correct levels. Additionally limited director-level resource at DfT, HS2 or Network Rail delays completion of the Tripartite Cooperation Agreement, in turn delaying the PPA, and Network Rail petition the hybrid Bill.

Communications

Increasing negative media and stakeholder views contribute to a critical mass of public opinion against HS2 causing the project to be subject to further reviews and delayed.

Governance and Risk

There is a key need to drive forward the transition to delivery phase as quickly as possible,

with firm decisions being made as soon as possible on governance, structures and recruitment. This is important both to facilitate effective delivery but also to ensure delivery risks are identified and managed. Governance arrangements will need to be developed to reflect the transition to the new stage in the lifecycle of the project.

	Level One			Level Two				Level Three				Level Four						
Assurance providers (In brackets providers based in DfT, HS2 Ltd)	Legislation Decision Board (DfT)	Policy and Funding Project Board (DfT)	Strategy and Engagement Project Board (DfT)	Compliance Audits	Contractor Audits (HS2)	Joint Analytical Group (programme-wide)	Sponsorship Project Board	HS2 Ltd Board (HS2 Ltd)	HSR Programme	P-Rep (HS2)	BICC (DfT)	Internal Audit (DfT & HS2 Ltd)	CoE's (DfT)	DfT Board/Exc (DfT)	MPA (programme-wide)	HMT (programme-wide)	Cabinet Clearance	NAO (programme-wide)
RISK AREAS																		
Timetable	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Cost containment	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Resources	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Communications			x		x		x	x	x	x	x	x	x	x	x	x	x	x
Governance and risk	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x

DfT Internal Audit Programme for both HS2Ltd and DfT is provided below:

Year	DfT (c)	HS2 Ltd
2013	<ul style="list-style-type: none"> Sponsorship and governance (follow up) 	<ul style="list-style-type: none"> Budgeting process Design development
2014	<ul style="list-style-type: none"> Integrated assurance planning Ongoing support to the Integrated Assurance Group Property compensation scheme and exceptional hardship scheme (advisory) Deliverability assessment (may not be required) 	<ul style="list-style-type: none"> Bill process Contract management Long term cost estimation (parts 1 and 2) IT assurance Risk management (parts 1 and 2) Petitioner management Efficiency savings
2012	<ul style="list-style-type: none"> Sponsorship and governance 	<ul style="list-style-type: none"> Governance (parts A and B)
2013	<ul style="list-style-type: none"> Sponsorship and governance (follow up) Modelling – QA and governance 	<ul style="list-style-type: none"> Procurement and contract management Project management IT procurement Business continuity management Resourcing Consultations IT procurement risk management

MPA guidance - need to include:

- Outline of the approvals process within the organisation, as relevant to the project

- *Whether and why approvals will be required from HM Treasury and at what stages*
- *Explanation of the assurance evidence that will be required to support approvals at each level.*

DfT note – do not generally need to include DfT internal approvals in this section.

The programme is being delivered in line with the requirements of the DfT Governance Framework and Business Case Approval Framework. It is subject to HMT approvals as the programme is outside DfT's financial delegations. Approvals will be required at key stages: Strategic Outline Business Case (for Phase 2), Outline Business Case (Phases 1 and 2) and Full Business Case.

Business Case: The business case will proceed through a series of approvals and assurance points before final approval by HMT. Progressing through the Strategy and Engagement Project Board, the HSR Board, BICC, and HMT. The approval roles of BICC, MPA and HMT are set out below.

Board Investment and Commercial sub-Committee (BICC): BICC approval is needed for each business case iteration prior to seeking HMT approval. The next BICC approval points are the approval of the full Outline Business Case for Phase 1, following the MPA PAR review, in October 2013. After this the FBC will need to be approved by BICC February 2015 before achieving Royal Assent April 2015.

HM Treasury: HMT approval is required for Major Projects at key business case stages, the next stages are the Outline Business Case (OBC), and Full Business Case (FBC) for Phase 1. OBC approval is needed for second reading of the hybrid Bill and FBC before Royal Assent. HMT approval will be supported by MPA PAR and a HMT-chaired Major Project Review Group (MPRG) review in October 2013

Policy. There is a separate approvals route for policy decisions through the policy project board, the programme board then DfT ministers, Cabinet Committees (EA, RPC, RRC, PBL) and HMT. SoS approval is needed for all policy decisions and Cabinet Committee approval e.g. through write round process is required for any major policy announcements or decisions. Policy advice is assured through legal, financial and press clearance of submissions, and through sponsorship of HSR Board papers by a Board member.

Commercial and Procurement: Commercial and procurement strategies are in development and will be subject to assurance by HS2 Ltd Board and the HSR Programme Board, scheduled for August 2013, before approval by ministers.

Cabinet Office: Spend on advertising, ICT and property is governed by the Efficiency Reform Group (ERG), with approvals sought at appropriate stages of the programme. Economic Affairs Committee (EA) – approves economic policy matters. Reducing Regulation Sub-Committee (RRC) – approves measures that regulate or deregulate business or civil society organisations. Also for transposition of EU legislation, including transposition plans. Parliamentary Business and Legislation Committee (PBL) – clears primary legislation, draft bills, Legislative Reform Orders, and positions on private members bills (Chair – Leader of the House of Commons).

DfT note – this should pull out the main milestones from the detailed 2 year plans

The table below summarises the main discrete assurance and approval activities planned to take place across the programme in 2013 – 15 (from October 2013 onwards).

Date	Activity	What will it cover	Level	Lead body
24/10/13	Approval	Approve Economic and Strategic Case	3	BICC
11/10/13	Approval	Clearance of Strategic and Economic Cases	4	SoS
07/10/13	Approval	EA Committee clearance of hybrid bill	4	EA Committee, Cabinet Office
08/10/13	Approval	Phase One OBC	2	HSR Board
09/10/13	Assurance	Major Projects Review Group	4	MPA
24/10/13	Approval	Outline Business Case phase one	3	BICC
28/10/13	Approval	RPC Clearance of impact assessments	4	RPC, Cabinet Office
11/11/13	Approval	RRC Clearance of impacts assessments	4	RRC, Cabinet Office
14/11/13	Approval	PBL Committee Clearance of hybrid bill	4	PBL Committee, Cabinet Office
25/11/13	Approval	Hybrid Bill introduced into Parliament	4	Parliament
Oct-Dec	Assurance	1. Cost Risk and Funding 2. Customer Experience 3. Assurance Environment	3	DfTc Internal Audit
Dec-Mar	Assurance	1. Property Compensation (operation of controls) 2. PPM	2	DfTc Internal Audit
03/13	Approval	FBC Commercial Case Clearance	2	HSR Programme Board
04/14	Assurance	Approvals and assurance points	3	DfTc Internal Audit
06/14	Assurance	Resource planning risk and reporting	3	DfTc Internal Audit
07/14	Approval	HSR Board Sign Off FBC Phase 1	2	HSR Programme Board
07/14	Assurance	MPA Review	4	MPA
08/14	Assurance	CoE Review of SOBC	3	CoEs
08/14	Assurance	Property end to end	3	DfTc Internal Audit
09/14	Approval	Approve Phase 2 SOBC	2	HSR Programme Board
09/14	Approval	Ministers Approve Phase 2 SOBC	3	BICC
09/14	Approval	HMT Clearance of Phase 2 property compensation	4	HMT

09/14	Approval	Cabinet Clearance Phase 2	4	Cabinet Office
09/14	Approval	Ministerial Clearance	4	Ministers
10/14	Approval	Approve appointment of Project Development Partner	4	HMT
12/14	Approval	HS2 Ltd obtain ISO9001	2	Quality Management Standard
01/15	Assurance	Property- Asset Management	3	DfTc Internal Audit
02/15	Approval	Phase 1 FBC	3	BICC
02/15	Approval	Phase 1 FBC	2	HSR Board
02/15	Assurance	MPA Review	4	MPA
03/15	Assurance	MPRG	4	MPA
03/15	Approval	Phase 1 FBC	4	Ministers (SoS)
03/15	Approval	Phase 1 FBC	4	HMT

MPA guidance - need to include:

- *A description of the reporting processes, tools and schedules to be used – both internal and external, including GMPP reporting to the MPA*
- *The project approach to, and means of, communicating outcomes (whether positive or negative) from assurance activity, both internally and externally*
- *Transparency requirements and commitments in relation to assurance outcomes and reports.*

Reporting end-to-end assurance and assurance: The programme provides quarterly reports to MPA on progress through the GMPP process. This includes assessment of the current Delivery Confidence, progress against key milestones and budget position. Cabinet office publish an annual report on the MPA assessment of the GMPP (including HS2), giving the delivery confidence assessment and commentary of progress since the assessment.

Outcomes of level 3 and 4 assurance, for programme-wide/end-to-end assurance activity, are reported to the SRO in the first instance and to the HSR Programme Board and HS2 Ltd Board as required. The programme team is committed to fulfilling DfT's policies on transparency in relation to assurance outcomes and reports. PAR reports are circulated as per DfT policy (in line with the 'wider circulations of Gateway Reports' guidance from Cabinet Office).

The SRO and programme directors report to DfT Board, Exec and Non Exec Meeting, ExCo and DfT Audit Committee periodically, when requested to by the chairs of these bodies. In addition the programme has a standing weekly meeting to update the Secretary of State on

development.

At lower levels of assurance and approval, the HSR Programme Board meets monthly (or fortnightly if required) and reviews progress against the overall programme as well as risk and issue management and programme spend. Progress on individual workstreams is reported to programme directors through the project boards, chaired by each of the three directors. In addition a high level programme plan is updated and reviewed weekly by programme directors, workstream leads and the head of HS2 Ltd's programme office.

At HS2 Ltd internal audit reports are issued to the auditees, the director of the function being audited and the HS2 Ltd CEO. The closure of actions resulting from audit is monitored by the HS2 Ltd Head of Quality who reports the status of all findings to the HS2 Ltd Audit Committee and advises of any overdue actions and the mitigation measures to be taken to close these actions. The audit committee Chairman will report by exception any risk that are identified through the audit process that require escalation to the main HS2 Ltd Board who will in turn where necessary escalate further to the HSR board where appropriate.

MPA guidance - need to include:

- *SRO responsibility for implementing the actions and recommendations in the assurance review reports*
- *Overall approach to acting on assurance findings*
- *Processes and tools to be used in different circumstances, e.g. MPA Assurance of Action Plans.*

Outcomes of level 3 and 4 assurance are reported directly to the SRO. Within DfT assurance recommendations are reviewed by the Governance and Approvals Manager in the DfT Programme Office and relevant policy leads and disseminated to the programme teams for action to be taken. Level 3-4 DfT assurance actions are assigned owners and target dates for delivery and tracked on a Combined Assurance Action Tracker.

Any Amber/Red (or above) assessments on Internal Audit activity and Major Project Reviews are escalated to ExCo for their information, in line with the DfT control mechanism.

The programme team takes a proactive approach to consideration and implementation of recommendations. Recommendations are translated into actions, which are then managed by the programme teams through the standard PPM toolkits. Implementation of actions is managed by the relevant programme lead and tracked by the Programme Office on a combined assurance tracker.

At HS2 Ltd Audit findings and their status are reported to the HS2 Ltd Executive Committee – Management, on a two monthly basis, this ensure that the HS2 Ltd Executive have oversight on the organisational performance as reported through the audit process and allows for management action to be taken as appropriate.

Issues are entered onto the issues log that is reported to the DfT PMO on a weekly meeting, key issues are discussed between HS2 Ltd and DfT through the Operation Room meeting which provide a rout for upward escalation to the appropriate level.

MPA guidance - need to include:

- *The planned assurance activities for a minimum of two years ahead*
- *Assurance links to approval points and key milestones (see example template below).*

All assurance and approval schedules will be fully reviewed after every major assurance review. At a minimum, every 6 months the plan will be reviewed. If required, it will be updated to take account of any subsequent changes to programme milestones or any changes to planned assurance activities.

DRAFT

Appendix 1 – HSR high level programme plan and assurance activity
[attached separately]

Appendix 2 – Assurance and Approvals bodies and activities
[attached separately]

Appendix 3: Governance Roles and Responsibilities

Body	Responsibilities
Programme team	
HSR Programme Board	<ul style="list-style-type: none"> • Primary receiver of level 2 assurance of the DfT-led aspects of the programme, covering all of the risk themes focused on in this programme but delegating assurance of the analytical workstreams to the Joint Analytical Group. • Approves the IAAP • Provides strategic oversight and approves significant changes to scope, timetable and cost. • Monitors highest exposure risks in both DfT and HS2 Ltd (risks with a current exposure level of 15 or higher) • Monitors progress across the programme on key activity
HS2 Ltd Board	<ul style="list-style-type: none"> • Primary receiver of level 2 assurance of the HS2 Ltd-led aspects of the programme, covering all of the risk themes focused on in this programme but delegating assurance of the analytical workstreams to the Joint Analytical Group. • Provides the Sponsor with assurance for the HS2 Ltd led aspects of the programme, covering all of the key risks focused on the programme, but delegating assurance of the analytical work streams to the Joint Analytical Group.
SRO	<ul style="list-style-type: none"> • Sponsors assurance reviews • Disseminates assurance review reports as required to keep all interested parties informed • Owns project response and implementation of actions and recommendations from assurance review reports • Approves the Risk Potential Assessment (RPA) and submits it to DfTc PPM Centre of Excellence • Reviews the IAAP after major assurance reviews or every 6 months (at a minimum).
HSR Programme Office, Governance and Assurance Manager	<ul style="list-style-type: none"> • Develops and updates the IAAP through consultation with stakeholders and independent and internal assurance providers. Liaises with potential assurance providers to schedule and resource assurance reviews. • Completes RPA and sends it to SRO for approval to instigate each assurance review from the MPA • Tracks and reports on actions from assurance. • Manages assurance reporting function through DfT Centre of Excellence to GMPP
HS2 Finance Director	<ul style="list-style-type: none"> • Responsible for Governance & Regulatory Relations including Internal Audit • Receives assurance on and assessed the suitability and effectiveness of the HS2 Management system and the compliance audit process. • Reports updates and escalates issues to the HS2 Ltd Board.
HS2 Ltd Audit and Risk Management Committee	<ul style="list-style-type: none"> • Reports on assurance work carried out by HS2 Ltd and reviews the management action taken
HS2 Ltd Head of Quality	<ul style="list-style-type: none"> • Develops the HS2 Management System through consultation across HS2 Ltd, as the primary source for evidence of compliance with sponsor's requirements. • Reports on continued suitability and effectiveness of the management system • Provides assurance through the compliance audit process
HSR Project Boards	<ul style="list-style-type: none"> • Each of the three Director-chaired project boards (Project Sponsorship Project Board; Policy, Legislation and Funding Project Board; Strategy and Engagement Project Board) is the primary level 1 assurance provider for the DfT-led workstreams in the each area of the programme. The

Project Boards monitor delivery of workstreams and manage high exposure risks in DfT (risks with a current exposure level of 12 or higher).

- | | |
|--------------------------------|---|
| Project Representative (P-Rep) | <ul style="list-style-type: none"> • The key level 3 assurance provider for DfT's sponsorship of HS2 Ltd. P-Rep provides independent expert technical advice (via report and recommendation) to the DfT Director, Sponsorship (through the Project Sponsorship Project Board) to ensure compliance, by HS2 Ltd and its delivery partners, with the sponsor's requirements. |
| Cost and Risk Group | <ul style="list-style-type: none"> • Ensure a continued focus on cost reduction and control by overseeing a programme of work to ensure clear and transparent arrangements for handling cost and contingency are in place at key points in the project including during the passage of the Bill and in the run up to letting contracts for construction, providing an advisory and challenge function. |
| Joint Analytical Group | <ul style="list-style-type: none"> • Provides specific assurance at level 2 to the HSR Programme Board on timetable and quality of analytical work. Escalates issues to the HSR Programme Board as deemed necessary by the chair. • Oversees the delivery of the Joint Analytical Strategy. Representation from DfT and HS2 Ltd. |

Wider DfT

- | | |
|--|---|
| DfTc PPM centre of excellence | <ul style="list-style-type: none"> • Provides Level 3 assurance reviews of DfT and reviews Management Case • Supports the programme team in developing and finalising the IAAP • Validates the RPA and sends it to the Major Projects Authority (MPA). • Manages submission of assurance returns to Cabinet Office |
| Business Case CoE's | <ul style="list-style-type: none"> • Review the 5 sections of the Business Case and provide recommendations |
| DfT Internal Audit (and Group Audit Committee) | <ul style="list-style-type: none"> • Provides Level 3 assurance reviews of DfT and HS2 Ltd as required, and set out in this IAAP. • Supports the programme team in developing and validating the IAAP • Maintains high level visibility on the outputs of assurance activities to understand the impact of the programme on wider organisational risks. • Reviews assurance activities undertaken and progress to delivering actions. |
| BICC | <ul style="list-style-type: none"> • Tier 1 investment board, will approve the business case at Outline Business Case and Full Business Case stages. • Indicate assurance and approval requirements • Receive and review assurance reports from other assurance bodies to inform decisions. |
| DfT Board | <ul style="list-style-type: none"> • Monitors the programme - monitoring the highest-level risks and progress against Business Plan commitments. • Provides scrutiny and advice on the programme, as and when required, to provide assurance to the Secretary of State. |
| ExCo | <ul style="list-style-type: none"> • Monitors delivery of the programme to provide assurance to the Permanent Secretary, reporting periodically, as required. |

External

- | | |
|--------------------------|---|
| Major Projects Authority | <ul style="list-style-type: none"> • Provides assurance at key gateways. Implements consequential assurance, applied support and/or intervention (as appropriate) when planned assurance activities identify that a major project is in significant difficulty. • Validates the IAAP • Monitors execution of the IAAP including escalation of non-compliance or slippage |
| HMT | <ul style="list-style-type: none"> • Approves funding decisions outside DfT's delegation. • Indicate assurance and approval requirements |

	<ul style="list-style-type: none"> • Receive and review assurance reports from other assurance bodies to inform decision making.
National Audit Office	<ul style="list-style-type: none"> • Provides assurance to Parliament on value for money and deliverability of the programme. • Reviews programme at key stages
HS2 Integrated Assurance Group	<ul style="list-style-type: none"> • Reviews IAAP • Maintains an oversight of all assurance activity and makes recommendation to the Programme Office as to how it could be enhanced. • Ensures good communication and information sharing between assurance bodies (including NAO, MPA and Internal Audit).
Stakeholders (IUK, Cabinet Office, Number 10)	<ul style="list-style-type: none"> • Indicate assurance requirements • Receive assurances (e.g. reports).
Cabinet Committees (RRC, EA, PBL)	<ul style="list-style-type: none"> • Economic Affairs Committee (EA) – approves economic policy matters • Reducing Regulation Sub-Committee (RRC) – for measures that regulate or deregulate business or civil society organisations. Also for transposition of EU legislation, including transposition plans. • Parliamentary Business and Legislation Committee (PBL) – for primary legislation, draft bills, Legislative Reform Orders, and positions on private members bills (Chair – Leader of the House of Commons)
Efficiency Review Group (Cabinet Office)	<ul style="list-style-type: none"> • Approves spend on advertising, recruitment and purchase of property.

Benefit Realisation and Evaluation Strategy

Introduction

Purpose

This document sets out initial expectations for putting in place programme management arrangements to deliver the potential benefits and minimise dis-benefits of HS2. It also sets out considerations for developing a plan to effectively monitor and evaluate the outcomes of HS2 and the anticipated benefits.

Scope

Using Treasury Guidance, the Department for Transport (DfT) has stated the following actions relate to benefits realisation and evaluation for Outline Business Cases:

- Benefits realisation Plan – Set out approach to managing realisation of benefits
- Monitoring and evaluation – Summarise outline arrangements for monitoring and evaluating the project

This outline strategy discusses the issues we need to address and the work we need to do to progress from an outline (or framework) to a full strategy. A full strategy will be prepared as part of the Full Business Case (FBC), which we plan to complete for Royal Assent of the Phase 1 Hybrid Bill. As living documents, we will review and revise the strategy in line with changes to the programme or wider changes that may affect delivery. The full strategy will include:

- Detailed aims, objectives and benefits of HS2 including how they interact and how they can be measured;
- Description of the data needed to track and assess benefits;
- Information on what data will be used as a baseline for comparison with the collected data;
- Clear description of who owns each of the benefits and is responsible for delivering them;
- How the Department for Transport expects to evaluate and report on the progress in delivering these benefits

HS2 is a network of high speed lines delivered in two phases. We have prepared a business case that covers both the Outline Business Case (OBC) for Phase 1 and The Strategic Outline Business Case (SOBC) for Phase 2. Although the SOBC for Phase 2 does not need to include outline of benefits management or evaluation activities, many of the benefits of the HS2 will be realised and maximised from the full network.

Therefore this document describes and considers benefits realisation and evaluation at a high level for both phases of the route (i.e. London to Birmingham - Phase 1; and Birmingham to Manchester and Leeds - Phase 2). This is a positive preparatory step to plan how we can best realise and maximise the benefits of the full Y network.

Early consideration also helps align monitoring and evaluation activities across the two phases. It can also help feed results from Phase 1, where possible, into the development or implementation of Phase 2 activities.

Background

What is benefits realisation?

A benefit is an outcome that is considered advantageous by stakeholders. Benefits realisation is the practice of identifying these benefits, but also dis-benefits, and managing them as part of the decision making process. This means considering them alongside cost and risk so management decisions fully consider the delivery of the benefits to the end users.

What is evaluation?

The Magenta Book, (the Government's guidance on evaluation for policy makers and analysts) sets out evaluation as: "an objective process of understanding how a policy or other intervention was implemented, what effects it had, for whom, how and why."⁷

Why are these practices important?

The Government emphasises the need for evidence based policy making⁸ and values benefits realisation and evaluation. Monitoring and evaluation is not new to DfT or to the wider transport sector. In March 2013 DfT published its monitoring and evaluation strategy⁹, followed by its monitoring and evaluation programme in October 2013¹⁰.

These set out how DfT is strengthening its monitoring and evaluation programme to align the coverage of activity with its priorities so plans for monitoring and evaluation are delivered effectively. We recognise the merit of an increasing focus on the evaluation of transport initiatives, a view shared by a number of our stakeholders. A lack of planned benefits management can lead to not effectively managing, monitoring or realising benefits claimed in the economic case (and wider benefits). This restricts the evolution of evidence-based policy and may also stop the programme delivering its original aims.

DfT is leading an ambitious programme of activity and recognises the need to maintain a strong evidence base to help guide future interventions and activities to deliver an effective service to the taxpayer.

⁷ HM Treasury Magenta Book

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/179379/magenta_book_combined.pdf p11

⁸ HM Treasury Magenta Book p11

⁹ DfT Monitoring and Evaluation Strategy

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/175300/monitoring-evaluation-strategy.pdf

¹⁰ DfT Monitoring and Evaluation Programme <https://www.gov.uk/government/publications/dft-monitoring-and-evaluation-programme-2013>

We are creating a benefits realisation and evaluation strategy at the early stages of the high speed rail programme. This will help to maximise delivery of benefits and minimise dis-benefits to drive and secure value for money.

Considering benefits realisation and evaluation together

There is considerable overlap between benefits realisation and evaluation. Putting in place robust evaluation procedures can promote a focus on realising benefits during a project, while a clear benefit realisation strategy and well defined goals can make the evaluation process easier and more effective.

After some initial planning, the HS2 team decided to draw benefits realisation and evaluation into one strategy. We believe that bringing them together will allow us to align the two processes, making them more effective and efficient. Benefits realisation and evaluation will be planned, monitored and actively managed throughout, and after, the lifecycle of the project.

Approach to Benefits Realisation and Evaluation

The key points for setting out our approach to benefits realisation and evaluation for HS2 are:

- *Following best practice* - Our approach will be consistent with guidance set out in the Treasury Green Book and Magenta Book.
- *Using departmental expertise* - We will continue to draw on departmental expertise, such as the Department for Transport's Programme and Project Management (PPM) Centre of Excellence and the Social Research and Evaluation team. They will help ensure our methodology is appropriate and that the approach to managing benefits and evaluating the scheme is consistent with best practice.
- *Acknowledgement of need for pace* - At this stage of the programme it is too early to set out a full strategy for managing benefits and evaluating the wider programme's aims. However markets will react to predictions of the impact of HS2 and some benefits start accruing before the line opens in 2026- for example, jobs in construction. It is therefore crucial that we collect baseline data to understand the actual impact of HS2. We expect to quickly gain pace within this area, and resource the programme appropriately to drive this forward.
- *Consideration of the wider programme* – benefits realisation and evaluation are part of the wider programme delivery. They will be considered alongside major milestones, deliverables and review processes.
- *Lessons Learned* – The department has commissioned an evaluation of HS1. We will learn lessons from the way this is conducted to ensure that we can continually improve the robustness of our evaluation. As a long-term project, we also have the opportunity to reflect at appropriate

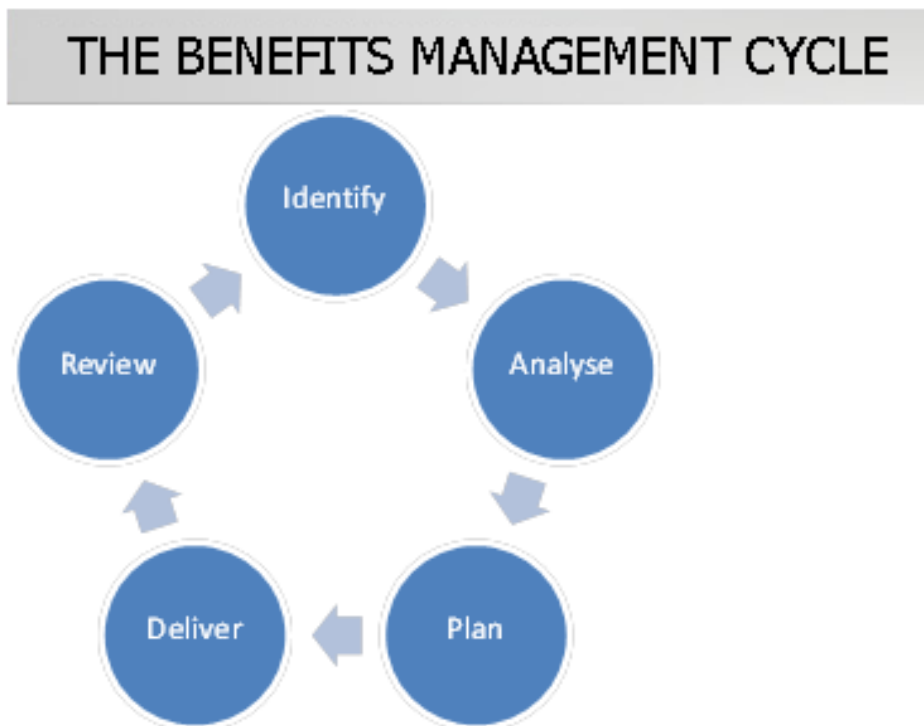
stages to improve both delivery of benefits and the way in which we evaluate.

- *Clear accountability and responsibility* – the table on page 88 sets out initial roles and responsibilities. As we progress on establishing a clear strategy for benefits realisation and evaluation; and gain a clearer view of how benefits will be measured and delivered and ultimately evaluated; we will assign names to these roles so there is clear roles and responsibilities. We expect these to be managed in a clear governance structure.

Benefit Realisation – key stages and considerations

The next section is a guide through current considerations and our emerging thinking on next steps to create and implement a full benefits realisation strategy.

DfT guidance uses a 5 stage cycle¹¹: for the evolution of benefits, their maintenance and monitoring during the lifecycle of a programme. The diagram below demonstrates these 5 stages and further information is given under each of the subsequent headings.



¹¹ DfT Programme and Project Management portal : <http://dft.alignframework.com/index.php?page=Main.Proces&TechniqueID=36#BenefitsManagementCycle>

❖ Identify the benefits

We will undertake a full assessment of potential benefits. This will include:

- Identifying and recording the anticipated benefits
- Identifying stakeholders and beneficiaries of each benefit
- Identifying what will enable the benefits to be achieved (enablers)
- Determining how we will measure benefits realisation, including baseline measurements
- Indicating responsibility for delivery of the identified benefits
- Providing a target date for the benefit to be realised

Benefits can emerge from a number of different sources. The first step of this process is to identify the potential benefits of HS2. The high-level anticipated benefits are outlined on the table on page 81. These have been drawn out through current work on the business case, particularly the strategic case¹² which sets out the case for HS2, and the economic case which considers value for money.

As set out in the strategic case, Government's role is to build a stronger, more balanced economy capable of delivering lasting growth and widely shared prosperity. Transport plays a key part in this. In that context, our objectives that lead to potential benefits are:

- to provide sufficient capacity to meet long term demand, and to improve resilience and reliability across the network; and
- to improve connectivity by delivering better journey times and making travel easier¹³.

The economic case outlines a number of economic benefits including journey time savings, reliability improvements, reduction in crowding and other rail and non-rail user impacts. Some benefits in the economic case are used as intermediate / proxy outputs, as they can be either quantified or monetised for appraisal methods. For further information on the way we describe and calculate benefits in transport appraisal, please see the economic case for HS2 available online at: <http://www.hs2.org.uk/news-resources/economic-documents>

Flowing from the high-level objectives in the strategic case and considering benefits valued for the economic case, broadly the advantageous outcomes of HS2 are listed on the next page. These are the starting point for identifying measurable benefits.

¹² Strategic case for HS2 <https://www.gov.uk/government/publications/hs2-strategic-case>

¹³ Strategic case for HS2, p 18

Capacity	Connectivity	Economic
Improved Journey Times	Increased regional connectivity	Economic Growth
Improved reliability	Increased national connectivity	Supports Regeneration around stations
Reduced Crowding	Increased international connectivity	Supports and creates jobs
Increased Comfort	...leading to ...	Skills, apprenticeships etc
Increased Customer Satisfaction	More choice e.g. business location, commuter residence and work place, leisure travel options etc	Agglomeration (businesses closer together)
Increased network resilience and reliability		Imperfect competition (increased output due to reduced costs)
Other transport user benefits e.g. reduced waiting times, improved access		Increased labour force participation
Released Capacity on existing network: enabling increased / better matched services for freight, commuter and regional services		
Increases potential for modal shift (air-rail, road-rail)		
Benefits to Road Users (less congestion, faster journeys)		

This list is by no means exhaustive. Work between now and production of the FBC will include further scoping work and defining these benefits. We will consider the best way to map these benefits, including the possibility of logic mapping to show the causal pathways between appraised benefits such as journey times and strategic benefits such as supporting economic growth. Further work will also look at identifying and minimising dis-benefits of the programme. We are taking steps towards these goals and will continue to do so as part of our continued analytical strategy for HS2.

❖ **Analyse the benefits**

Once the potential benefits have been identified, then they need to be systematically analysed to calculate their financial value, changes that need to happen to enable their delivery and the level of risk associated with the calculations.

❖ **Plan the benefits**

We have a clear timetable for delivering HS2 (as described in p5-7 of the Management Case). As we further progress through the programme's development, we will inform this timetable to ensure that the necessary steps are strategically planned to maximise the benefits.

❖ Deliver the benefits

There is a compelling case for HS2 – the capacity and connectivity benefits the project can bring, and its wider benefits associated with supporting economic growth. The success of the project relies on it delivering the benefits envisioned in the strategic and economic cases. Throughout the programme lifecycle the Government will ensure that delivering these benefits is paramount.

However, whilst the Government can create the right conditions to help deliver the benefits such as economic growth, in many cases it is ultimately reliant on others taking up the opportunity presented by HS2. Working with our stakeholders and delivery partners over the programme lifecycle will be extremely important to maximise the benefits.

HS2 Growth Task Force

The HS2 Growth Taskforce, chaired by Lord Deighton, will help identify many of the wider economic benefits and advise on how they can be maximised.

Lord Deighton, former Chief Executive of LOCOG, is being supported by a taskforce drawn from civic and business leaders, academia and relevant experts.

Looking at both British and international experience of driving economic growth from major infrastructure investments, the Taskforce will set out options and make recommendations on:

- maximising regional and national growth opportunities;
- getting British industry and the UK workforce ready to respond to the vast array of opportunities HS2 will provide – 70% of jobs created by HS2 are expected to be outside London;
- ensuring HS2 delivers as a catalyst for economic growth and regeneration around stations and surrounding communities;
- ensuring job opportunities from HS2 can be maximised and advising what contribution HS2 can make to the skills and training agenda; and
- maximising the potential to use the buying power of HS2 to improve supply chains and manufacturing capacity across the UK.

The taskforce will engage heavily with the core cities; local authorities; and the business community, including the local enterprise partnerships.

The HS2 Growth Taskforce published an initial report in October 2013, available online at: <https://www.gov.uk/government/publications/hs2-growth-taskforce-the-challenge> and will submit its final report to government in early 2014. This will then drive forward a programme of work with the core cities and others to ensure that the vast array of economic opportunities presented by HS2 are maximised.

Further details on the Taskforce can be found at:

<https://www.gov.uk/government/policy-advisory-groups/hs2-growth-taskforce>

❖ **Review the benefits**

This part of the process is where monitoring and evaluation most clearly overlap with benefits realisation. Reviewing the benefits should happen at pre-determined stages that fit into the wider programme delivery. It should also occur throughout the process and not solely at the end. For long term projects such as HS2, this means lessons learned can be fed back into the process and, where possible, further increase benefits realisation.

In creating a full strategy, we will map key milestones for reviewing the delivery of benefits and consider what baseline data is required for comparison; considering how we can collect this data. This will help us to determine the level of resources and funding required for evaluation and benefits realisation.

Monitoring and Evaluation – key considerations

The evaluation will be proportionate for this high-profile, long-term and large-scale project. It should produce clear evidence through sufficient data collection and robust analysis on the effectiveness of the intervention and its prior development.

Fully evaluating a programme is wider than assessing whether a programme has delivered its anticipated or potential benefits. Broadly speaking we want to fully understand how HS2 has been delivered, all of the impacts from HS2 – including unexpected or unintended outcomes - and why these have occurred.

As the Green Book notes, evaluations can be resource-intensive. Given the scale and scope of the impacts of HS2, we do not expect the evaluation to be a single study. Rather, we expect a series of studies at appropriate times which reflect the varied natures of the impacts. The times of the studies will depend on when the expected impacts become apparent.

For the Full Business Case (FBC) we expect to set out key considerations for an evaluation timetable set against delivery and operational milestones. This will set out the basis for the creating an evaluation timetable in the future. At FBC we will also set out our preliminary framework for conducting evaluation.

An important aspect of evaluating a project such as HS2 is taking stock and learning lessons during delivery. We plan to work with HS2 Ltd and scheme developers to evaluate relevant parts of the programme after key milestones and review progress at appropriate points. Such milestones could include: Royal Assent of the hybrid Bill, prior to the opening of phase 1, or prior to beginning construction of phase 2.

To enable effective evaluation, we will need to ensure that the right data is available to have a clear evidence base. We will consider the possibilities of how we can obtain this data. This may be through mechanisms such as clauses in contracts of future operators to ensure that they collect specific data and release it to DfT.

We already have standardised and approved metrics developed for measuring certain impacts e.g. passenger numbers. As post-project evaluation will take place in 2030s and beyond, we can expect some advances in areas which our understanding is still evolving. Such as how best to measure and attribute impacts such as regeneration benefits. The Department's work on evaluating HS1 should usefully build our understanding of how best to evaluate aspects such as these, and we will consider further work to understand the best ways to measure these impacts.

It is not appropriate at this stage of the programme to attempt to state what performance measures/evaluation activity are needed. This must be done through a systematic consideration of the issues e.g. reviewing existing evidence, conducting logic mapping. DfT are continually strengthening their work on evaluation, and we will work to ensure that the appropriate steps are planned so evaluation of HS2 is effective and robust.

Roles and Responsibilities

Establishing clear lines of accountability is important for achieving successful outcomes. The table below shows the benefits realisation and evaluation responsibilities of key post-holders at this stage of the programme. This will be reviewed and revised as we move forward to the delivery and operational stages of HS2. Allocation of responsibilities ensures that there is a focus on the delivery of benefits.

At Full Business Case stage for Phase 1 and 2, in line with best practice, we expect to allocate responsibility to named individuals for benefits delivery and monitoring activities. Other areas of the wider HS2 team, stakeholders and delivery partners will have an increasing role as the programme progresses. We recognise that benefits realisation and evaluation are essential aspects of successful project delivery. HS2 is a long term project, but we fully expect central government to continue to hold ultimate responsibility for ensuring value for money for the taxpayer and for the functioning of the railway. There are a number of other organisations, both public and private, that have important roles in operating the national rail network and we expect to seek their assistance in our evaluation activities.

As the benefits from HS2 go beyond HS2 to other areas of the network and beyond, DfT should own the strategy and be ultimately accountable through the responsibilities held by the Senior Responsible Officer (SRO). However aspects of both benefits realisation and evaluation will fall to external stakeholders.

There are some roles and responsibilities that DfT is not in a position to allocate or agree contractually. These may relate to wider benefits, such as aspects of regeneration. Full benefits of the intervention may only be realised if businesses, local areas and regions seize the opportunities that HS2 offers. To fully maximise this benefits may be out of the Government's complete control, but we can create the right conditions and effectively communicate with the right stakeholders HS2 can achieve its aims.

Role	Area of Focus	
	Current	Working towards FBC
Senior Responsible Officer (SRO)	<ul style="list-style-type: none"> • Ultimately responsible for delivery of the programme benefits as outlined within the benefits strategy • Ultimately responsible for ensuring that the evaluation is planned • Ensures that the programme and business areas affected maintain a focus on benefits delivery • Ensures that the benefits realisation strategy is created, adjusted, improved and enforced 	<ul style="list-style-type: none"> • Ultimately responsible for delivery and evaluation of programme benefits • Delegates / assigns responsibility for actual delivery of benefits • Assigns responsibility for ensuring that evaluation is planned and carried out
Programme Directors	<ul style="list-style-type: none"> • Oversees development of the benefits realisation and evaluation strategy on behalf of the SRO with the Business Case and Analysis Team • Ensures that the delivery of capability is aligned to maximise the realisation of benefits • Ensures that evaluation activities are considered in programme planning 	<ul style="list-style-type: none"> • Continues overseeing development of the benefits realisation and evaluation strategy on behalf of the SRO with the Business Case and Analysis Team • Continues to ensure that the delivery of capability is aligned to maximise the realisation of benefits • Continues to ensure that evaluation activities are considered in programme planning • Escalates risk to delivery of benefits to programme board level
Business Case & Analysis Team	<ul style="list-style-type: none"> • Identifies the high-level aspirations / benefits • Provides information to support the creation and delivery of the benefits realisation plan • Sets out key considerations for ensuring that benefits realisation and evaluation are considered during programme development • Working with rail analysis to understand the evaluation process for HS1 to help feed in lessons learned to the planning of HS2 evaluation (The HS1 evaluation is due to be reported to the Department later this year). 	<ul style="list-style-type: none"> • Identifies and quantifies the benefits with the support of relevant stakeholders, the programme manager and members of the project teams • Creates and maintains the benefit register • Maintains engagement with key individuals responsible for benefits delivery within the organisation • Allocates responsibility for benefits delivery
HS2 Ltd	<ul style="list-style-type: none"> • Provide analysis and information to support identification and modelling of benefits in strategic and economic cases leading through to benefits management. (Although DfT retains responsibility for ensuring quality of analysis (providing analytical assurance) and meeting key milestones). 	<ul style="list-style-type: none"> • Continue to provide relevant analysis and jointly with DfT input to forward looking analytical plan including consideration of benefits realisation and evaluation activities.

Communications and Stakeholder Engagement Strategy

1. Effective stakeholder and media engagement is fundamental to successful delivery of the vision for HS2. Any strategy is necessarily an evolving approach across a programme the scale of HS2, albeit underpinned by clear roles and responsibilities for engagement between HS2 Ltd and the Department. We also have an agreed action plan for delivery with clear management; and measures of success. It also needs to reflect pan-Government approaches and good practice, such as the Government Campaigns Framework¹⁴

Stakeholder engagement

2. There are three key HS2 stakeholder engagement objectives, each of which applies at a national, regional and local level:
 - a. To raise awareness across society of what HS2 is and why it is important to Britain and to the population of Britain – **Appendix 1** contains our core narrative.
 - b. To build support for HS2 so that all sectors make the most of the opportunities it brings.
 - c. To give opportunities for people to ‘have their say’ through the development and implementation of HS2, including through formal consultations and the parliamentary process.
3. Successful stakeholder engagement relies on:
 - a. Clear stakeholder segmentation that identifies stakeholder groups, understands their role (e.g. as impacted individual, decision maker, opinion former, influencer etc) and appreciates their priorities and issues – **Appendix 2** sets out details;
 - b. Good understanding of opinions held by stakeholders and likely influencing factors, carried out through regular opinion research – **Appendix 3** summarises the latest Government-commissioned general public survey results
 - c. Recognising engagement as a relationship management process that demands regular activity over a sustained period – **Appendix 4** explains the key approach, core collateral and planning timetable in more detail.
 - d. An ability to adjust engagement approaches to suit stakeholder groups and respond to their level of awareness and support – **Appendix 5** gives examples of how approaches are being adjusted

¹⁴ <https://gcn.civilservice.gov.uk/blog/2013/07/23/the-birth-of-the-campaign-framework/>

through the project including through greater use of digital communications tools.

- e. Robust management processes - **Appendix 6** sets out how the governance, administration and capability for delivering engagement activity are managed.

Media Engagement

4. Media engagement as part of the overall engagement strategy offers a mechanism for Government to disseminate HS2 information and messages to a sectoral (through specialist media) or mass (through press) audience, and to foster a debate. Our approach is to have a proactive media strategy that gives prominent attention to significant milestones in the programme delivery – and which is designed to ensure a constant flow of news and information to demonstrate momentum and respond to criticisms and ideas. **Appendix 7** provides more detail.

Third Party and Academia Support

5. A success measure of our engagement strategy is our ability to stimulate and maintain third party supporters for HS2 to act as independently respected voices able to articulate the benefits of HS2 at national, regional and local level. This happens in part through stakeholder engagement with the groups described in **Appendix 4**. In addition, there are two initiatives specific to securing third party support, summarised in **Appendix 8**:
 - a Growth Task Force chaired by Lord Deighton to ‘leave no stone unturned in maximising the benefit of HS2’
 - facilitating a network of invited and self-selecting ambassadors (at national level) and advocates (at regional and local levels).
6. Academia support – and tangible benefits in skills development for the future - is being encouraged through a skills and education programme, which is summarised in **Appendix 9**.

Formal consultations

7. Formal consultation is an integral part of the policy development process and both past and current HS2 consultations are listed in **Appendix 10**.

Brand recognition

8. HS2 is a transformational project taking place over a long period of time. In keeping with objectives to raise awareness and build support for HS2, engagement needs to be underpinned by a widely recognised HS2 brand.
9. A strategic decision was taken in June 2013 to refresh the brand at minimal cost following an internal review of the variety of presentational styles used in published material since the project inception, and feedback

that stakeholders were unsure of the distinction between HS2 Ltd and DfT branding. The brand refresh means that:

- All published material features an updated logo (which includes the strapline 'engine for growth') that shows more clearly what HS2 is;
- Internal covers of published materials discreetly explain whether a document is published under an HS2 Ltd, DfT, or contractor banner;
- All published material adopts a template approach to ensure consistency in style and layout.

Success measures

10. Key Performance Indicators (KPIs) for communications and engagement activity are in development and will be linked to monitoring trends in opinion research results. A programme for the latter is being established, covering those along the route, the general public, businesses and opinion formers and Ambassadors and Advocates. The programme will in turn accommodate a quarterly National KPI tracker, a bi-annual survey, route survey, focus groups, and an annual business survey.

Looking ahead

11. The communications and engagement strategy will continue to develop through the life of the project, and will need to remain agile to respond to emerging challenges, evolving relationships with stakeholders, survey results and success rates in raising awareness and building support. This document will remain live and be reviewed and updated periodically, so that the version available for the full business case can reflect developments in communications methods and their results.

Appendix 1
'THE CASE FOR HS2', (HS2 CORE NARRATIVE)
(3rd September 2013 version)

'THE CASE FOR HS2'- WIDER TRANSPORT

THE TRANSPORT CHALLENGE

We need good transport to make our economy stronger and our lives easier.

We are taking investment to record levels, and making sure all forms of transport gain.

In the recent Spending Round we set out plans to invest more than £70bn by 2021 in all forms of transport.

In total we are investing over £56 billion on roads, rail and local transport between 2015 and 2021 on top of £16.5 of investment in HS2.

HS2 will not stop us investing in other forms of transport – it is just one part of a comprehensive package.

We are investing more than £6bn in this Parliament and £12billion in the next, in road maintenance, enough to resurface 80% of the national road network and fill 19 million potholes each year.

We are adding 400 lane miles of capacity to our busiest motorways thanks to work scheduled in this Parliament and the next.

And, between 2014 and 2019 Network Rail has put forward plans to spend £37.5 billion on improvements to the railways.

WHY HS2

The case for HS2 starts with the overwhelming need to improve the transport infrastructure in this country. **Without HS2, key rail routes connecting London, the Midlands and the North will soon be overwhelmed.**

Demand for **long distance rail travel has doubled** in the past 15 years **to 125 million journeys a year.** By the mid 2020s the West Coast Main Line will be full¹⁵.

Britain cannot afford to leave the **economic future of great cities like Manchester and Birmingham** to an overcrowded, 200 year old railway.

¹⁵Network Rail New Lines Programme <http://www.networkrail.co.uk/newlinesprogramme/>

HS2 will give the capacity we need by:

- **more than doubling the number of seats between London and Birmingham;**
- **transporting the equivalent of the population of Nottingham every day and;**
- **running up to 18 trains per hour with each carrying as many as 1,100 passengers.**

Released capacity offers huge potential for increased freight services - meaning fewer cars and lorries on our roads, cutting congestion and carbon.

CONNECTIVITY

HS2 will link eight of Britain's 10 largest cities, serving one in five of the UK population.

Journey times will be slashed. Two thirds of the population of northern England will be **within two hours reach of London's markets**

And people will be able to travel from **Edinburgh to London and back in the time it would take to drive just one way.**

This will **radically redraw the economic geography of the nation**, bringing our cities closer together and rebalancing growth and opportunities.

HS2 will also be integrated with the nation's airports with stations **directly serving Manchester and Birmingham; an option for a spur to Heathrow; and short connections to East Midlands Airport from Toton station.**

GROWTH

HS2 is more than a transport scheme, it is a significant economic growth story

It is a statement about the country's ambition to be a world-class economy in the 21st century

HS2 will be an engine for growth that will help generate **jobs, rebalance the economy and secure the country's future prosperity**

Current estimates predict that HS2 will contribute at least **£60 billion to the UK economy. But we expect that when the long term effect on the wider economy is taken into account the figure will be much higher.** That's good for people and businesses all over the country.

Even before it is open, some estimates suggest HS2 will add £4.2bn to the economy

By slashing journey times and boosting capacity, HS2 will merge our city economies into a unit that can be globally competitive.

REGENERATION

HS2 will connect people and businesses – enhancing productivity and commercial activity

HS2 will act as a catalyst to city centre regeneration and major development schemes – just look at what has happened around high speed stations in France or at Kings Cross.

The Core Cities group predict that HS2 will underpin the delivery of **400,000 jobs**¹⁶

And **70 per cent of jobs created by HS2** are expected to be outside London;

If we're to compete in the global race Britain needs transport that's up with the best. But when it comes to infrastructure we're way behind:

- **Turkey will soon have over 1,500 miles of high speed line. We have 67.**
- The OECD rank the UK **lower than Mexico, Chile and Hungary** for public investment in infrastructure between 2006 and 2011¹⁷.
- And in World Economic Forum rankings, **Britain lags well behind France and Germany for the quality of our roads, rail and overall infrastructure**¹⁸.

HS2 IN CONTEXT

We have assessed alternatives to HS2 and both Network Rail and Atkins confirm **they will not deliver HS2's objectives**¹⁹.

HS2 will be built to the highest environmental standards **with, for example, around 70 per cent of the surface line between London and the West Midlands insulated by cuttings, landscaping and fencing.**

The Government is committed to compensating fairly those who are impacted with a **generous and comprehensive package of measures which go above and beyond what we are required by law to provide.**

¹⁶ <http://www.corecities.com/sites/default/files/images/publications/Transport%20infrastructure%20requirements%20report%20final.pdf>

¹⁷ OECD (2012), OECD Economic Outlook n°92

¹⁸ WEF Global Competitiveness Report, 2012 – 2013

¹⁹ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/28572/hs2-review-of-strategic-alternatives.pdf
<https://www.gov.uk/government/publications/high-speed-rail-strategic-alternatives-study-update-following-consultation>

And people want it. **The vast majority of people surveyed think that HS2 will positively benefit the Midlands and the North of England (71 per cent and 66 per cent respectively).**

HS2 will quite simply be the most significant transformation to our infrastructure in a generation.

- ENDS

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Appendix 2 – Stakeholder Segmentation

Stakeholder Categories	General issues
Government Departments	<p>Inform policies, such as discretionary property compensation, and kept up to date on the project.</p> <p>(Department for Energy and Climate Change, Department for Communities and Local Government and Department for Environment, Food and Rural Affairs are invited to the HS2 National Environment Forum.)</p>
MPs /MEPs (line of route constituencies)	<p>Route, line design, environmental impacts and proposed mitigations within affected constituencies. Representing those seeking compensation for property blight.</p> <p>(Ministerial, HS2 Ltd and DfT officer meetings are held with MPs)</p>
MPs/MEPs/Peers (wider area covered by route)	<p>Benefits and impacts of the project for their wider involvement</p>
Parliamentarians with key interests	<p>Specific interest areas such as regeneration, growth, transport, construction, skills</p>
Non-route majority Parliamentarians	<p>Appreciation of national relevance of HS2.</p>
Industry Partner/Major Asset Owners	<p>Impact on assets requiring agreement on the design proposals. Development of Protective Provision agreements.</p> <p>(Regular bilaterals and daily contact takes place)</p>
Local Authorities (line of route)	<p>Route, line design, environmental impacts and proposed mitigations within affected constituencies.</p> <p>During the Parliamentary process, focus will be on how the principles set out in the Bill will be delivered.</p> <p>Post Bill, local authorities will be the approving body for planning submissions made by the nominated undertaker.</p> <p>(Local authorities are members of the route-wide Planning Forum and involved in technical topic-based discussions as required, e.g. on:</p> <ul style="list-style-type: none"> • Design and environmental issues • Acoustics • Highways • Code of Construction Practice • Heritage <p>Bilateral meetings with individual local authorities are also held to address local issues.)</p>

<p>Property Owners (directly and indirectly affected) E.g. businesses, homeowners, landowners/farmers</p>	<p>Various concerns including:</p> <ul style="list-style-type: none"> • Reduced value of property • Loss of home, land, business etc through compulsory purchase • Loss of business / disruption of operations during construction phase • Noise, vibration, visual and disruption during construction phase • Tunneling • Impact (e.g. noise) during the running of trains • Compensation schemes <p>(Bilateral meetings are offered to property owners)</p>
<p>Impacted Local Communities (e.g. residents associations, halls etc) schools, village</p>	<p>Various concerns including:</p> <ul style="list-style-type: none"> • Road realignments and access to facilities • Closure of schools and the impact on community particularly in rural areas • Displacement of school places • Housing demolitions • Impact on local transport services <p>(Affected community groups may attend Community Forums and bilateral meetings are held with them)</p>
<p>Statutory Organisations</p>	<p>Interested in mitigation proposals. Matters vary depending on the organisation, for example flood risk management for the Environment Agency and conservation for Natural England.</p> <p>(They are invited to the National Environment Forum as well as the Environmental/Ministerial NGO Forum, and Senior Advisors from Natural England and the Environment Agency work out of the HS2 office once a week.)</p>
<p>Transport/Rail</p>	<ul style="list-style-type: none"> • Commercial Issues • Capacity • Improvement to existing Assets • Technical Issues • Service Connectivity/ Disruption to services during construction • Rail based construction logistics • Interface between HS2 and non-HS2 Services • Increased competition on implementation and future operating model <p>(A Transport Sector Stakeholder group has been set up to engage with the transport industry on HS2. A Train Operations Review Group and a Passenger Panel have also been developed to engage with this community.)</p>

Businesses (national and local)	<ul style="list-style-type: none"> • Direct property impacts • Disruption during construction and possible business loss • Possibility of applying for contracts for work on HS2 (construction, regeneration opportunities etc) <p>(Bilateral meetings are offered to businesses)</p>
Unions	<ul style="list-style-type: none"> • Health, safety & welfare • Opportunity, skills & equality • Business & social sustainability • Procurement practices • Employment practices <p>(Positive engagement has taken place with the TUC and a view obtained on approaching all relevant Trade Unions)</p>
Action Groups	<ul style="list-style-type: none"> • Business case • Local design and mitigation • Submission of mitigation proposals <p>(Action Groups are involved in Community Forums and offered bilateral meetings)</p>
Professional Bodies (e.g. Civil Engineering bodies)	<p>Include:</p> <ul style="list-style-type: none"> • Off-site manufacturing opportunities • Championing skills in construction • Early contractor involvement • Ensure appropriate construction logistics <p>(Invited to HS2 Engineering and Supply Chain Sector Stakeholder Group)</p>
Think Tanks	<ul style="list-style-type: none"> • Project costs / value for money • UK transport policy
Non-Governmental Organisations	<ul style="list-style-type: none"> • Environment • Heritage • Rights of Way • Countryside <p>(They are invited to the Environmental/Ministerial NGO Forum)</p>
Business Representative Groups (e.g. CBI, LEPs, Chambers of Commerce)	<ul style="list-style-type: none"> • Regeneration • Regional Growth • Local investment and jobs <p>(Individual meetings are taking place with these groups along the line of route)</p>

Appendix 3 – Opinion Research completed

A rolling programme of qualitative and quantitative national opinion polling is being set up, with a number of polling exercises already undertaken.

HS2 Ltd commissioned experts in September 2013 to develop a formal opinion research programme to measure the impact of the ongoing communications work, its effect on target audiences and to inform future communications activity. Opinion research is expected to be undertaken through the lifetime of the project and evolve over time. During 2013/14, deliverables are to develop and deliver the following in a way that will enable trends to be measured over time:

- A quarterly national KPI tracker
- A bi-annual nationally representative survey and segmentation
- A bi-annual full line of route survey
- Bi-annual qualitative focus groups
- An annual business survey.

Key results through earlier contracts are set out below :²⁰

October 2012 Polling

In 2011, the DfT commissioned TNS BMRB to conduct research to test the ‘temperature of the county’ prior to the launch of the Government’s High Speed Rail consultation. HS2 Ltd commissioned a second wave of research in October 2012.

The second round of polling found that opinions had not moved on much since 2011, although there was a suggestion of a greater focus on economic issues (impact on the economy and jobs and cost to government of the scheme). In summary, findings were as follows:

- Just over half of British adults (56%) were aware of HS2;
- Nearly half of all respondents were in favour of HS2 (46%), with one in ten strongly in favour (13%). A smaller proportion (10%) was against the scheme;
- When prompted, respondents were most likely to say that HS2 would bring positive economic benefits to the country – with eight in ten saying it would impact positively on journey times, three quarters on business opportunities and seven in ten on employment levels;

²⁰ <https://www.gov.uk/government/publications/quantitative-research-and-focus-group-research-measuring-public-awareness-of-and-attitudes-to-hs2-january-2013>

<https://www.gov.uk/government/publications/quantitative-research-measuring-public-awareness-of-and-attitudes-to-hs2-march-2013>

<http://www.hs2.org.uk/news-resources/publications>

- HS2 was perceived to be more likely to have a negative potential impact on other issues: half believed it would have a negative impact on the cost to Government (50%); and a similar proportion thought it would negatively impact the cost of train tickets (48%). Four in ten thought it would also have a negative impact on the environment (43%);
- Respondents were also asked about how important these issues were to them *personally*. The environment was the most important issue to respondents (72%), followed by levels of employment (65%), congestion on the roads (63%) and the cost to the Government (60%).

January 2013 Polling

In the run up to the Phase 2 announcement on the proposed route from Birmingham to Manchester and Leeds, the Department for Transport commissioned Populus to undertake polling in January 2013, with findings including the following:

- Those living on the High Speed 2 line of route are more aware of both phases of the project than members of the general public. Two-thirds of line of route residents (68%) are aware of Phase 1, rising to 85% of those living in the London–Birmingham geographic bloc, compared with half of the general public (50%);
- Just under half of the general public and residents along the line of route (both 48%) are in favour of High Speed 2. Men are more likely to be in favour;
- Line of route residents are most likely to think that HS2 will benefit the North of England (73%), the Midlands (72%) and London (69%). 64% of line of route residents think that HS2 will benefit Britain's economy, while 54% of the general public think this will be the case.

March 2013 Polling

The Department for Transport commissioned Populus to undertake a second phase of polling in March 2013, with findings including the following:

- Awareness of HS2 – and Phase 2 in particular – has increased significantly since January. Almost two-thirds (64%) of residents along the line of route are now aware of both phases (an increase of 17%) and awareness of both phases among the general public has increased by 24% to 62%;
- As well as being more aware of HS2, both line of route residents and the general public also feel more informed about both phases. The number of people who say they have no information about phase 1 has

fallen to 49% among line of route residents (a drop of 7%) and to 47% among the general public (down from 62% in January);

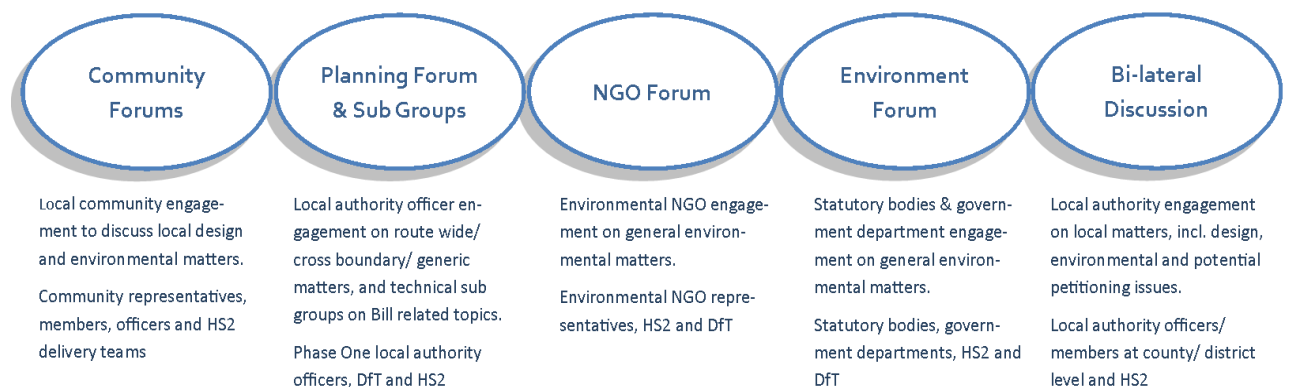
Just under half of those living along the High Speed 2 line of route (45%) are in favour of HS2, a small drop since January 2013 of 3%. However, those who commute by train are far more positive about HS2: two-thirds (66%) are in favour, 10% more than in January.

Appendix 4 – Engagement as relationship management

Engagement on HS2 occurs at national, route-wide and local levels, with various stakeholders and using different mechanisms. Much of this is delivered through representative groups such as the examples described below, and is reliant on establishing and maintaining relationships based equally around listening and understanding issues, responding to them appropriately and in a timely way, as well as engaging and disseminating information about HS2 development and implementation. Engaging through representative bodies is in addition to the face-to-face relationships being developed with parliamentarians, local affected businesses and the general public.

HS2 Engagement Overview

Issues raised are escalated through the HS2 Ltd internal governance structure as appropriate.



National Engagement

Non-Government Organisations (NGO) Forum

The purpose of the forum is to enable the HS2 Ltd project team to talk to national NGOs about environmental policies for HS2, including the best ways to realise the benefits of the proposals while recognizing and addressing their effects on people and the local environment. The NGO forum provides the opportunity for open discussion about environmental and sustainability issues and considers how HS2 could contribute to or enhance the environment it passes through.

Ideas raised in the forum, held quarterly, ensures that the design practices continue to address key environmental issues and that HS2 responsibly delivers a sustainable approach.

HS2 Ministerial NGO Roundtable

Ministers and senior officials at the DfT meet regularly with a wide range of national environmental groups to discuss HS2. Discussions include route design, environmental mitigation measures and how to maximise the carbon benefits of HS2.

National Environment Forum

The National Environment Forum comprises Government departments and statutory bodies and was established to advise on environmental policy for HS2, including project-wide strategies for reducing the environmental impact of the line and principles for a Code of Construction Practice.

Matters of environmental policy and principle arising from discussions in the Environment NGO Forums are referred to the National Environment Forum.

Local Government

HS2 Ltd lead on engagement with local government. Third party support is generated through regular local authority contact to discuss all issues not related to the planning regime, which is separately covered by the route wide planning forum. HS2 Ltd ensures that local authorities are briefed where possible prior to the release of new information at community forums and elsewhere. In addition, a key objective is to build collaborative relationships with local government as the foundation for future community projects.

Route-Wide Engagement

Planning Forums

In 2013, a Planning Forum was set up to discuss the planning regime to be set out in the Phase One Hybrid Bill and the processes relating to matters (such as highways, noise and heritage) that will affect some of the working practices of local planning authorities. As these matters will be relevant to all line of route authorities, the planning forum has been organized to one route wide meeting. This is repeated over two days in north and south locations for convenience. These meetings take place monthly.

Originally, Planning forums were established with local authorities in early 2012 to enable the provision and discussion of the latest information regarding HS2 design work and methods, and the progress and findings of the Environmental Impact Assessment in the relevant geographical areas. At that time there were six planning forums, covering the different geographical sections of the London to West Midlands route, which met every two months.

The Planning Forum involves HS2 Ltd area teams and officers from highway and planning authorities (i.e. Boroughs, Counties and Districts) on the London to Birmingham route.

Local Engagement

Community Forums

Community Forums were set up in March 2012 for Phase One of the route. In general they were held every two to three months (unless other consultation events were held locally). Community forums were not public meetings but involved representatives from communities and HS2 Ltd. The purpose of the forums was to meet to:

- discuss potential ways to avoid and mitigate the environmental impacts of the route, such as screening views of the railway, managing noise and reinstating highways;
- highlight local priorities for the route design; and
- identify possible community benefits.

There were 26 community forums for Phase One of the network. They were based within five regional areas.

Bilateral Meetings

Bilateral meetings have been offered to businesses and land and property owners affected by the rail proposals, as well as with local action groups who wish to discuss their mitigation proposals for the area. These have been held with HS2 Ltd and included specialist staff (e.g. engineers, property managers) where necessary.

Bilateral meetings also take place on a regular basis with local authorities (in addition to the planning forum) and MPs along the line of route.

Phase Two representative organisations

HS2 Ltd will be evolving its engagement with representative organisations from the above list as the Phase Two HS2 development gains pace. The Full Business Case will set out a more comprehensive summary.

Appendix 5 – Engagement – evolving the approaches during 2013

DfT and HS2 Ltd commissioned an external communications agency to develop a strategy that would position HS2 as an engine for growth. The strategy highlighted the need to change opinion and, having analysed polling and qualitative data, proposed a series of activities to build positivity around HS2. These activities focus on the following areas:

HS2 Ltd media

HS2 Ltd is maximising its internal resources to communicate the benefits of HS2 to wide audiences at minimum cost. For example, HS2 Ltd's in-house press office team provides latest project information to national and regional media.

In addition, HS2 Ltd's digital presence was enhanced by launching a new website in January 2013. There is also a two-way communication strategy across social media platforms, through the use of Twitter and regular webinars.

Earned media

HS2 Ltd has also established an internal "Speaker Bureau" programme which looks for opportunities for HS2 Ltd Executive Team to speak at free of charge. Over 100 high-quality no-cost speaking engagements at various locations across the UK which target a wide range of audiences have been secured.

The Ambassadors and Advocates programme

A network of ambassadors and advocates is being set up to find and promote positive voices for HS2. This will be done by recruiting high profile chief executives who are publically supportive of HS2, both at the national and regional level. (See Appendix 9 for more information.)

Growth Task Force

Established to be a key part of the "Engine for Growth" narrative, seminars will be held with stakeholders and make recommendations on how to maximise jobs, skills and regeneration from HS2. (See Appendix 9 for more information.)

The polling and research programme

Research was commissioned in December 2012/January 2013 to test proposed key messages and hone the communications strategy. Research was repeated in March 2013 to assess the impact and reach of the communications effort of the 28th January launch of the initial Phase Two proposed route.

An omnibus survey of 1,000 adults following the same basic set of questions that were asked in March and January to allow for comparison has been carried out in early September, with results due by 24th Sept.

HS2 Ltd is about to issue an ITT for a wider programme of opinion research which will include:

- Quarterly national KPI tracker (Jan, Apr, Jul, Oct)
- Bi-annual national survey (Jan, Jul)
- Bi-annual line of route survey (Jan, Jul)
- Bi-annual qualitative focus groups (Jan, Jul)
- Annual business survey (Jan)
- Quarterly business tracking survey (Jan, Apr, Jul, Oct).

This will be a two year contract, subject to successful performance in the first year and subject to obtaining ERG approval for the second year.

(See Appendix 3 for key findings of existing polling.)

Creating an engaging brand

A recent visual identity review carried out within HS2 Ltd refines the existing visual assets and proposes ways to manage brand communications more effectively. Before a more fundamental visual rebranding of HS2 can take place, HS2 Ltd is building a positive relationship with the public such as through establishing a rational need for HS2 and mitigating the physical impacts of the project.

Appendix 6 – Management Approaches

Overview

The monthly Strategy and Engagement Delivery Board (SEDB) oversees communications and engagement and first met in April 2013. The Board Secretariat retains a broad understanding of activity being undertaken to shape the forward agenda for the Delivery Board and maintains a communications forward look in conjunction with HS2 Ltd. Core mechanisms in place include the Board secretariat:

- attending a weekly communications meeting between HS2 Ltd and DfT Group Communications
- attending HSR Group senior management meetings and weekly programme monitoring discussions
- liaising with policy and media teams working on upcoming major announcements, consultations and outward-facing milestones

Parliamentary Engagement

Resources, planning and delivery of Parliamentary engagement are shared between the Public Affairs team at HS2 Ltd and the Strategy & Engagement team at the DfT, with the former generally providing specific technical, environmental and economic briefing on the project, and the latter concentrating on the wider case for the project and the major milestones in the Parliamentary process and the delivery of the project. Coordinated by the joint Strategy & Engagement Delivery Board, the programme is delivered in consultation with Ministers, PPSs and the special advisers, to ensure clear political accountability for this activity.

HS2 Ltd Engagement and Communications Activity

HS2 Ltd engagement and communications are focused around:

- The need to be open and transparent about progress on the project and how it is progressing in accordance with best value for stakeholders and the British tax payer;
- Publicising key project events and milestones;
- Supporting major engagement activities such as consultations, work with communities and their representatives through public forums and bilateral meetings;
- Answering public enquiries through an efficient help desk response team;
- Ensuring that communications via the media, publications, the web site and letters to those affected along the route, both the effects of the scheme and the wider benefits that the project will bring are fully understood.

Communications and engagement activity is co-ordinated and monitored by the HS2 Ltd Executive on a weekly basis, supported by regular review with the Department in the SEDB. HS2 Ltd reviews progress of all directorates including Communications and External Engagement on a monthly basis, and

at major communications milestones conducts more thorough “gateway reviews” and also updates the HS2 Ltd Board. Performance indicators in terms of response times are reviewed weekly for replies to public enquiries, responses to MPs and the handling of requests under the Freedom of Information Act and Environmental Information Regulations.

For Phase One it has been HS2 Ltd’s aim to conduct community forums along the route on approximately a quarterly basis. Similarly there have been quarterly planning forum meetings with the local authorities and briefings of elected members of councils along the line of route.

Phase Two is now under public consultation following interim informal engagement along the route since 28th January, 2013. Subject to decisions about the Phase Two route following the conclusion of consultation and review of the lessons learnt from Phase One, similar engagement plans will be put in place for stakeholder and community engagement on Phase Two.

Appendix 7 – Media Engagement

Media engagement by HS2 Ltd supports two objectives, in line with the company's remit from the Secretary of State: to communicate the strategic theme of making HS2 an "engine for growth", and to inform people about the milestones of the project's development, helping to ensure that consultations engage, inspire and inform key interest groups. The company coordinates closely with DfT's press office to provide an integrated approach to media activity delivered according to the following principles:

HS2 Ltd's role is to:

- Deliver proactive communications that is decoupled from the rhythm of publications, announcements and rebuttals. This consists of (but not be limited to):
 - A publicity campaign making use of all the project's natural interactions with schools, business and industry;
 - Promotional materials (eg videos, flyers etc);
 - A programme of positive news stories;
 - Opinion research which tracks support for the project.
- Deal with reactive communications relating to the development and delivery of the HS2 project and its economic benefits.

DfT's role is to:

- Help guide HS2 Ltd's proactive communications programme by feeding back Ministerial/Departmental thinking to ensure that it is properly reflected in their plans for proactive communications;
- Ensure Ministers are able to participate in and capitalise on the publicity opportunities developed by HS2 Ltd;
- Handle - alongside colleagues from HS2 Ltd - big Ministerial milestones and moments in the project (eg. Policy initiative announcements such as a growth task force, policy decision announcements such as route publications, consultation launches etc);
- Deal with reactive communications related to the HSR policy that underpins the project and any reaction to ministerial decisions;
- Coordinate communications with other Government Departments (via Hub) and No 10.

Some key underpinning working methods and behaviours:

- A 'no surprises' culture based on mutual respect for the professionalism and expertise of all parties;
- Daily conference calls between DfT and HS2 media teams;
- Weekly in person meetings between wider DfT and HS2 communications teams including media, stakeholder, campaigns, publications and where necessary policy;
- A clear forward look of ERG approval requirements and post-approval evaluations.

As an example, promotional media activity will encompass proactive support of the HS2 Ltd speakers' bureau, education and skills programme, outreach to national, regional and specialist trade to place executive interviews and joint media briefings with supporters and stakeholders.

Media activity designed around project milestones will support public consultations through proactive briefing of, in particular, regional media – widely trusted as sources of information on local matters – as well as trade and national media. These briefings emphasise the desire of HS2 Ltd that people put forward their views in consultations; they also promote information events and explain when and why they are happening.

HS2 Ltd runs a 24/7 media operation and will aim to rebut or correct misreporting or inaccuracies as quickly as possible using a range of channels including print and broadcast as well as online and digital media.

Appendix 8 – Third Party Support

Growth Task Force

The Growth Task Force, headed by Lord Deighton, is key in spreading “Engine for Growth” messages across the country. The Growth Task Force is made up of:

- **Lord Deighton**, Commercial Secretary to the Treasury (chair);
- **Sir Howard Bernstein**, CEO Manchester City Council (deputy);
- **Sir Albert Bore**, Leader Birmingham City Council;
- **Sir John Rose**, Deputy Chairman Rothschild Group;
- **Frances O’Grady**, General Secretary of TUC;
- **Neale Coleman**, Mayor of London’s Adviser on Olympic Legacy;
- **Prof Tony Venables**, Oxford University;
- **Alison Nimmo**, CEO Crown Estate;
- **Pete Waterman**, Cheshire and Warrington LEP;
- **Cllr Julie Dore**, Leader Sheffield City Council;
- **Cllr Matthew Colledge**, Leader of Trafford Council; and
- **Lorraine Baldry**, Chair of London & Continental Railways.
- **Ray O’Rourke** – Chairman of Laing O’Rourke
- **Neale Coleman** - Mayor’s adviser on Olympic Legacy
- **Steven Norris** - Former transport minister and businessman

The Task Force will set out options and make recommendations on:

- Maximising regional and national growth opportunities;
- Getting British industry and the UK workforce ready to respond to the vast array of opportunities HS2 will provide - 70 per cent of jobs created by HS2 are expected to be outside London;
- Ensuring HS2 delivers as a catalyst for economic growth and regeneration around the stations and surrounding communities;
- Ensuring job opportunities from HS2 can be maximised and advising what contribution HS2 can make to the skills and training agenda; and
- Maximising the potential to use the buying power of HS2 to improve supply chains and manufacturing capacity across the UK;
- It will also engage heavily with the Core Cities and Local Enterprise Partnerships to ensure the benefits of HS2 are felt far beyond the station cities.

The HS2 Growth Taskforce published an interim report in October and will submit its final report to Government early in 2014. This will drive forward a programme of work with the Core Cities as HS2 moves forward.

Project Boards are being established in Manchester and Leeds, and all station cities are being invited to present their vision for the regional benefits of HS2 at station consultation events. HS2 Ltd is working with them to help them promote that vision and the benefits of HS2 locally through their own

channels, and is developing communications “Hubs” to share intelligence and identify opportunities and synergies in communications and promotion activities.

Ambassadors and Advocates

Ambassadors are high-profile chief executives, who are household names themselves or whose businesses are household names. They should evoke a sense of ‘British’ entrepreneurialism and should embody the direction that a high-speed Britain should be moving in. Advocates are the faces of local enterprise. They are ‘real’ business people who run recognisable local businesses around the UK. The Ambassadors and Advocates Programme will play a key role in spreading the benefits HS2 and securing support amongst both local and national stakeholders.

The network of Ambassadors will work to underpin the sentiment that HS2 is a national project that will provide benefit to the economy as a whole, make regular TV and media appearances, attend events with MPs and other senior business leaders/opinion formers, and meet with DfT and other Government Ministers to promote its benefits. The Advocates will work with Chambers of Commerce, LEPs and regional leaders to build local clusters of business support.

Both groups will work closely with the Growth Taskforce to further promote the national benefits of HS2.

Appendix 9 - Skills Programme

Apprenticeships

There is a commitment to maximising the creation of apprenticeship opportunities across the HS2 supply chain and in due course HS2 Ltd will commit to a minimum number over the lifetime of the project. The first HS2 Ltd apprentices have been recruited by working in partnership with a social enterprise charity that provides apprenticeship training for young people.

Detailed labour and skills forecasting is being conducted to identify realistic minimum number of apprenticeships that can be expected during construction. The HS2 Ltd procurement strategy will seek to maximise the creation of apprenticeships in its supply chain. And, by autumn 2013, the second cohort of apprentices for roles within HS2 Ltd will have been recruited.

HS2 Education Programme

The aim of the HS2 Education Programme is, amongst other things, to stimulate young people's interest in Science, Technology, Engineering and Mathematics (STEM subjects) and related careers. There are two main strands of activity:

- **Route Selection Educational Project** - a cross curriculum HS2 Ltd themed project that uses the route selection process to equip learners with employability skills and provides careers information advice and guidance opportunities. It is being delivered as part of the pilot of the *Birmingham Baccalaureate* in a dozen Birmingham secondary schools from this autumn. The project is designed to be repeatable route-wide.
- **Careers Information Advice and Guidance (CIAG)** – the creation of a bespoke suite of CIAG materials for issue October 2013 that will explore the range of career options that HS2 Ltd will provide. These materials will be used by HS2 Ltd and its supply chain providers in schools and other educational settings as well as being publically available through the HS2 Ltd website.

Cross-industry collaboration

Key skills organisations within the rail infrastructure sector will be approached to investigate areas of collaboration, in particular the Tunnelling and Underground Construction Academy (TUCA), established by Crossrail, and the National Skills Academy for Railway Engineering (NSARE).

Appendix 10 - Consultation

DfT and HS2 Ltd are committed to delivering informative, fair and inclusive consultations and to use the responses to inform both plans and designs for a high speed rail network and policies relating to the project. All consultations meet the Government's Code of Practice on Consultation published in July 2012. Earlier consultations complied with the preceding Government Code of Practice on Consultation published in 2008.

For Phase One:

- **Exceptional Hardship Scheme** - from March 2010 for 14 weeks; c. 4500 written responses received
- **High Speed Rail: Investing in Britain's Future** - from February 2011 for five months; c. 30,000 visitors to consultation events and c. 55,000 written responses received.
- **Environmental Impact Assessment (EIA) Scope and Methodology** - from April 2012 for eight weeks; c. 160 written responses received
- **Property Compensation** - from October 2012 for 14 weeks; c. 2,700 visitors to consultation events and c. 30,000 written responses received.
Safeguarding - from October 2012 for 14 weeks; c. 2,700 visitors to consultation events (same as those for Property Compensation consultation due to co-location of events) and c. 3,000 written responses received.
- **Draft Environmental Statement** - from May 2013 for eight weeks; c. 5,500 visitors to consultation events and c. 20,000 written responses received.
- **Route Refinements** - from May 2013 for eight weeks; c. 5,500 visitors to consultation events (same as those for Draft Environmental Statement consultation due to co-location of events) and c. 900 written responses received.
- **Property compensation** – from September to December 2013

For Phase 2 of HS2:

- **Phase 2 Exceptional Hardship Scheme** - from January 2013 to May 2013 for around 16 weeks; c. 3,000 written responses
- **High Speed Rail: Investing in Britain's Future** – Consultation on the route from West Midlands to Manchester, Leeds and beyond from July 2013 - January 2014 for 6.5 months

In the main, consultations have involved:

- supporting media to publicise the consultation and any local events;
- the production of leaflets and letters which are distributed to properties within the broad vicinity of the line of route;
- on-line information, in some instances with a dedicated consultation website;
documents and maps which are available on request via a dedicated consultation telephone number;

- local events which are open to the public and at which relevant specialist staff are present to answer questions. These have in several instances been run by an events management company;
- dedicated response channels, where people can respond by email, post or online;
independent response handling and analysis. Ipsos Mori and Dialogue by Design are two of the response analysis companies used to date;
- the publication of a consultation report covering the main findings of the consultation responses once the consultation has closed;
- the publication of a decisions document, setting out DfT's or HS2 Ltd's decisions following the consultation and the reasons for them.

Annex I

Resource Management Plan

Attached as a separate document