High Speed Two
Phase Two
Management Case

Moving Britain Ahead

July 2017

Contents

1. Purpose

1.1 The Management Case sets out the management capability of The Department for Transport and HS2 Ltd of the High Speed Two (HS2) programme.

1.2 Recognising that each phase of the HS2 programme is at a different stage of its life cycle, this document sets out for:

- Phase 2a – The Management Case at Outline Business Case (OBC) stage to support the Government's decision to deposit the hybrid Bill in Parliament

- Phase 2b – An update to the Strategic Outline Business Case (SOBC) *Management Case*[1] (November 2016). This supports the Secretary of State for Transport's Phase 2b route decision and response to the *Route Refinement Consultation*[2] (November 2016).

1.3 In line with the HM Treasury Green Book guidelines, this document forms part of a five part business case. The five cases are:

- Strategic Case
- Economic Case
- Financial Case
- Commercial Case
- Management Case

Introduction and scope

1.4 HS2 is a new high speed rail network for the UK, connecting London with major cities in the Midlands and the north of England. It is a Y shaped network that will be delivered in several stages. Trains will also run beyond the Y network to serve places such as Liverpool, Preston, Newcastle and Scotland.

1.5 Phase One of HS2 will see a new high speed line constructed from Euston to north of Birmingham, where it will re-join the existing West Coast Main Line (WCML). New high speed trains will serve Birmingham city centre and an interchange station designed to serve the wider West Midlands. At Old Oak Common in West London a new interchange will be built connecting HS2 with Crossrail and the Great Western Main Line. Passenger services are planned to commence on the Phase One route in 2026.

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[1] https://www.gov.uk/government/publications/hs2-phase-2b-management-case
[2] https://www.gov.uk/government/consultations/hs2-crewe-to-manchester-west-midlands-to-leeds-route-refinement-consultation-2016

1.6 In November 2015 the Government announced its intention[3] to accelerate the delivery of the section of Phase Two between the West Midlands and Crewe (Phase 2a). At the northern end it will connect with the WCML to the south of Crewe to allow HS2 services to join the WCML and call at Crewe station. Passenger services are planned to commence on the Phase 2a route in 2027 subject to parliamentary approval of the Phase 2a hybrid Bill.

1.7 In November 2016 the government confirmed the majority of its preferred route for Phase 2b of HS2, which will complete the full Y network. The southern end of the Western Leg connects to Phase 2a (south of Crewe) and goes onto Manchester with a connection back to the WCML south of Wigan. The Eastern Leg connects to the Phase One route and goes onto Leeds, with a connection back to the ECML at Church Fenton. Passenger services are planned to commence on the Phase 2b route in 2033 subject to parliamentary approval of the Phase 2b hybrid Bill.

Taking HS2 Forward

1.8 In February 2017 the Phase One hybrid Bill achieved Royal Assent. Phase One is now proceeding to contract award for the Main Work Civils Contracts this summer. This will allow for the design to be finalised and construction to commence. This was a significant milestone for the programme, and reiterates the Government's support for HS2.

1.9 On Phase 2a, having now deposited the hybrid Bill, HS2 Ltd will continue to develop the design of the Phase 2a scheme, including in response to petitions heard throughout the parliamentary process via Select Committee.

1.10 Having recently confirmed the full Phase 2b route, HS2 Ltd will continue developing the design to inform the Phase 2b hybrid Bill, currently scheduled to be deposited in 2019.

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[3] https://www.gov.uk/government/publications/hs2-phase-two-east-and-west-the-next-steps-to-crewe-and-beyond

2. Governance

2.1 The Department for Transport (DfT) as sponsor of HS2 is responsible for funding and ensuring benefits are realised. HS2 Ltd, as the delivery body, is responsible for the delivery of HS2 and also acts as an advisory body to the DfT.

2.2 The DfT and HS2 Ltd have developed a robust and clear governance structure for the programme. This structure will evolve as the DfT and HS2 Ltd progress through the project life cycle.

2.3 At a high level, the programme reports into a Programme Board for strategic decisions and the DfT's Board Investment Commercial Committee (BICC) for investment decisions. HM Treasury approval is sought for major decisions. Below this, the structure reflects both the DfT's and HS2 Ltd's management structure, with separate boards for Phase One, Phase Two and Future Operation of the railway.

2.4 Following best practice the Secretary of State appointed a Project Representative (P-Rep) to sit within HS2 Ltd and to provide the Department with independent assurance on the progress of the programme.

2.5 P-Rep provides assurance that the project and programme is:

- **Deliverable-** It is likely to deliver the expected benefits within the declared cost/time/performance constraints;

- **Affordable-** The level of expenditure and financial risk involved is acceptable in light of DfT's overall financial position and also when set against other priorities; and

- **Value-for-money-** It provides the optimum combination of whole-life cost and quality to meet users' requirements.

Departmental governance

2.6 The HS2 programme is led by DfT's Director General for the High Speed Rail (HSR) Group who fulfils the role as the Senior Responsible Owner (SRO). The SRO's responsibilities include:

- Ensuring the ongoing delivery of the HS2 Rail Programme;

- Securing the resources necessary for the success of the programme;

- Ensuring that the related implementation and transition activities realise the agreed objectives and benefits;

- Being accountable to Parliamentary Select Committees and being expected to explain the decisions and actions he or she has taken;

- Ensuring the effectiveness of the governance, assurance and programme management arrangements, and maintaining them throughout the life of the Programme; and

- Adopting best practice, and being prepared to justify any deviation from it, in line with guidance published by the Cabinet Office.

2.7 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.

2.8 The SRO is also responsible for ensuring that where authority is delegated to boards beneath Programme Board within HSR Group, this is done so on a clear and transparent basis, ensuring that there is clear accountability between the SRO and the lead for those Boards.

2.9 Regular bilaterals are held between DfT and HS2 Ltd to discuss progress against plans, issues and risks. Such bilaterals include frequent Secretary of State and HS2 Ltd Chairman meetings, SRO and HS2 Ltd Chief Executive meetings and a weekly joint Operations Room for all senior DfT, Network Rail and HS2 Ltd staff, focussed on high level updates and progress.

2.10 The high level outputs and activities which the Secretary of State requires HS2 Ltd to deliver are set out in the Development Agreement. This is supported by the Sponsor's Requirements (Annex to the Development Agreement) and the HS2 Governance Manual.

2.11 Following Phase One receiving Royal Assent in February 2017, the Development Agreement is being updated. HS2 Ltd will take responsibility for managing the delivery of the works, ensuring that it delivers to the timescales established by DfT and in accordance with the Sponsor's Requirements.

2.12 In relation to Phase Two, whilst overall accountability for the programme of work to deliver the Phase 2a and Phase 2b hybrid Bills rests with the DfT, the development of the design, environmental assessment of the design, and preparation of the exhibits relating to the parliamentary passage of the Bills are the responsibility of HS2 Ltd.

2.13 Consultations are prepared in partnership between DfT and HS2 Ltd, with the 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).

2.14 DfT sets out the Sponsor's Requirements which defines the parameters of the scheme to be authorised by the Phase 2a and Phase 2b hybrid Bills. 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 the DfT.
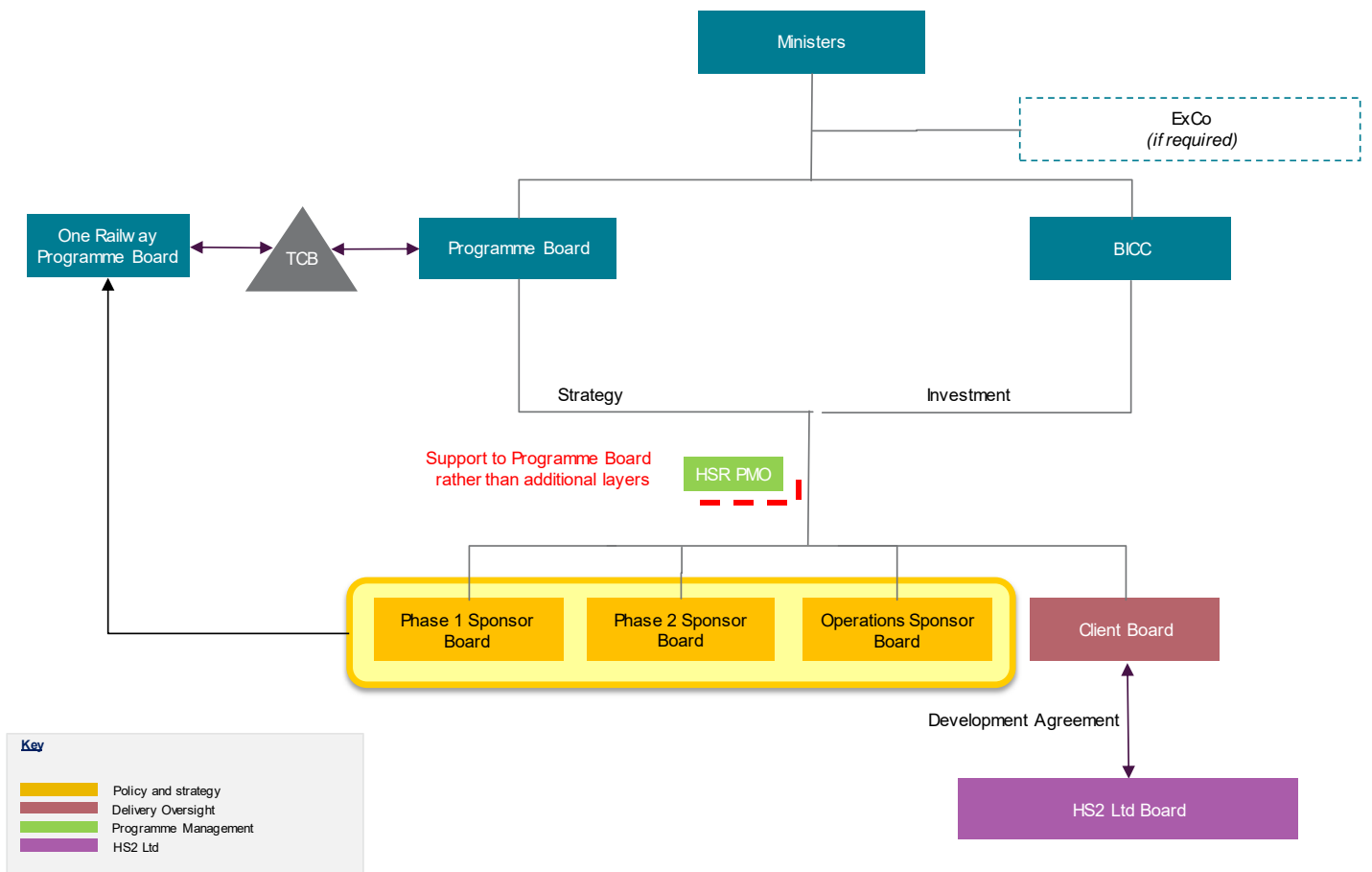
Figure 2: DfT HS2 Governance

Governance within HS2 Ltd

2.15 HS2 Ltd is a Government company and Non-Departmental Public Body (NDPB) sponsored and funded by the DfT. The chair of the company and its non-executive directors are appointed by the Secretary of State. The chair 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. The Chief Executive of HS2 Ltd is supported by an executive team of Directors.

2.16 The company is managed by the HS2 Ltd Board, which meets monthly. In addition to the non-executive Chair and non-executive directors, HS2 Ltd's Chief Executive Officer, Chief Financial Officer and Managing Director for Phase Two also attend. This 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.

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HS2 Ltd Board
  |
HS2 Ltd Executive Committee
  |
  +-- HSE Panel
  +-- Commercial and Investment Panel
  +-- Programme Panel
  +-- People Panel
  +-- Community and Stakeholder Engagement Panel
       |
       +-- Phase 1 Change and Investment Panel
       +-- Phase 1 Programme Panel
       +-- Phase 1 Executive Management Meeting
       +-- Phase 2 Programme Board
       +-- Railway Operations Board
       +-- System Integration Authority
       +-- Land and Property Board
       +-- Capability Panel
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Figure 3: HS2 Ltd Governance

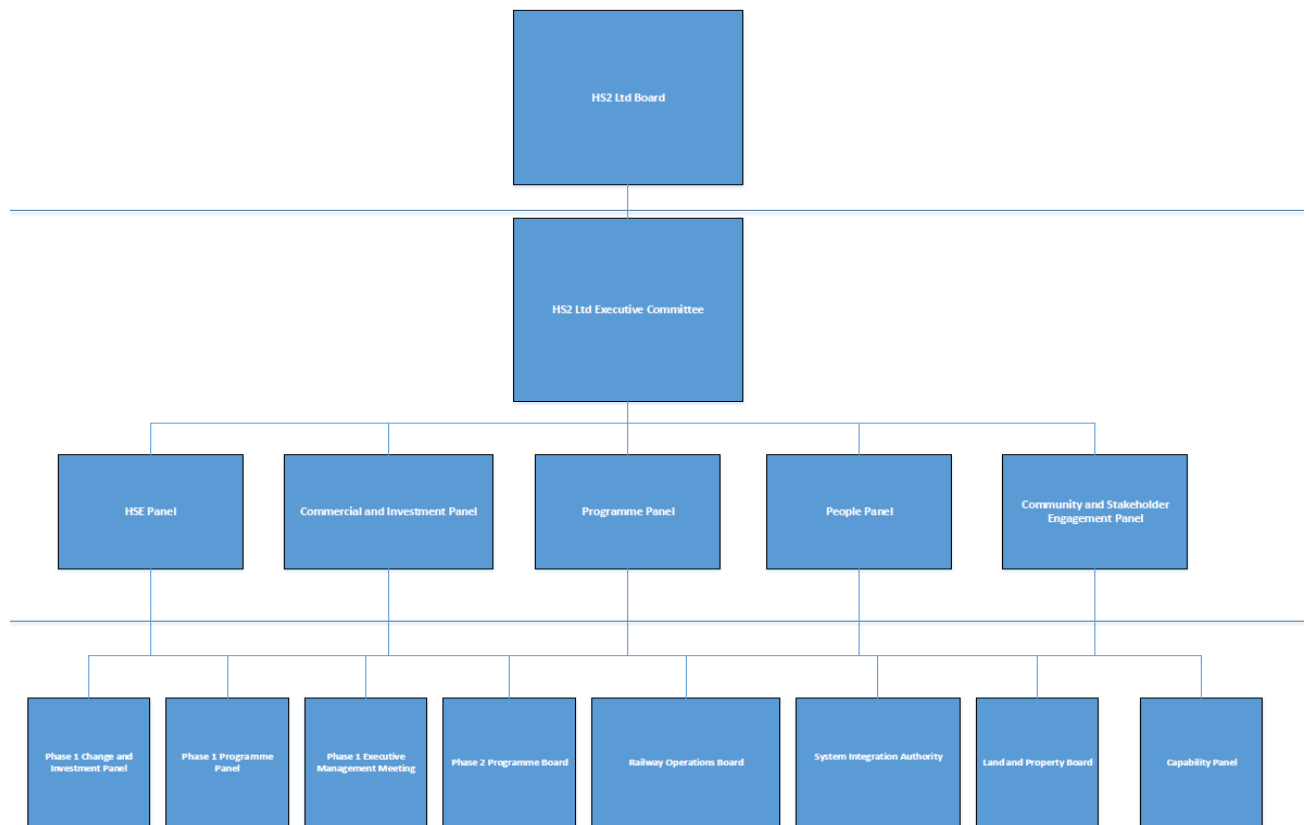2.17 HS2 Ltd have adopted a tiered approach to manage the HS2 programme. This includes at board level the HS2 Ltd Board and its advisory committees; at corporate level the HS2 Ltd Executive committee and its reporting boards; and at programme level various boards which focus in detail on the day-to-day management of its specific area.

2.18 HS2 Ltd's Executive Committee, chaired by their Chief Executive Officer, manages the company's day-to-day business. It meets weekly to review and take decisions on both the HS2 programme and internal company management issues.

2.19 Key boards at programme level include:

- **Phase One Project Board** which manages the day to day activities of the HS2 Ltd London to West Midlands project, which includes work on property acquisitions and preparing for major construction. The Board is chaired by the Managing Director for Phase One, with membership including representatives from contributing HS2 Ltd teams; and,

- **Phase Two Project Board** which manages the day to day activities for taking forward the design, engineering and consultation work of both Phase 2a and Phase 2b. The Board is chaired by the Managing Director for Phase Two, with membership from each contributing HS2 Ltd team.

Organisational structure

2.20 The organograms for DfT HSR Group and HS2 Ltd, are provided below:
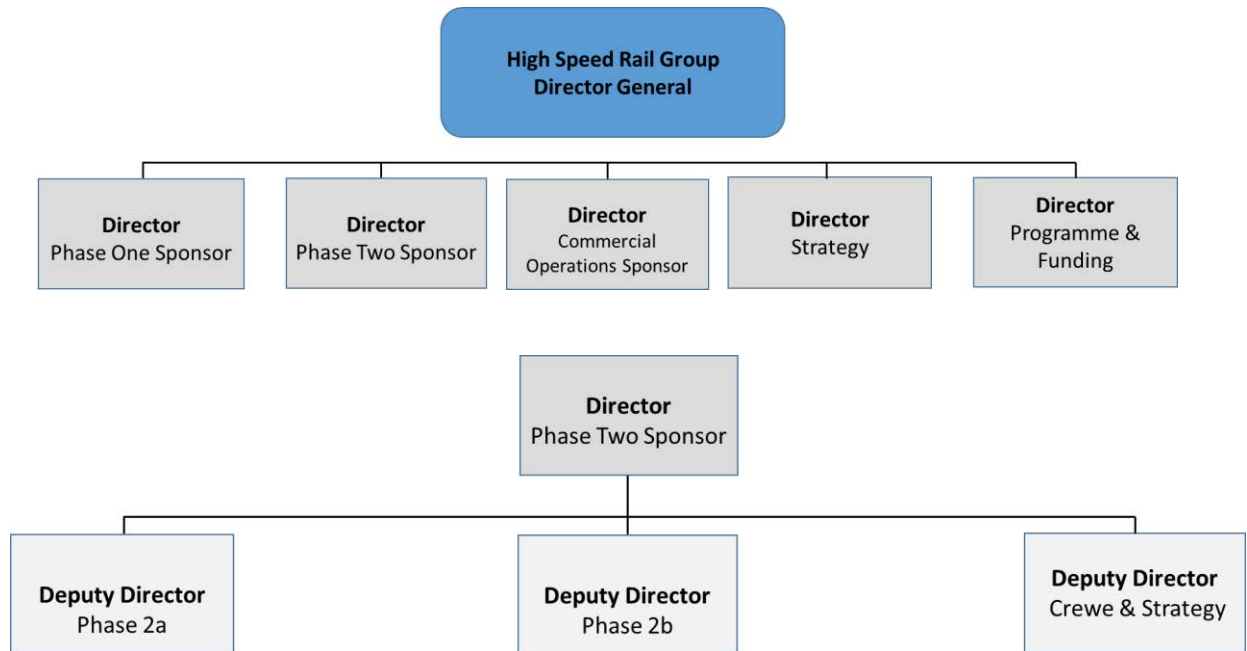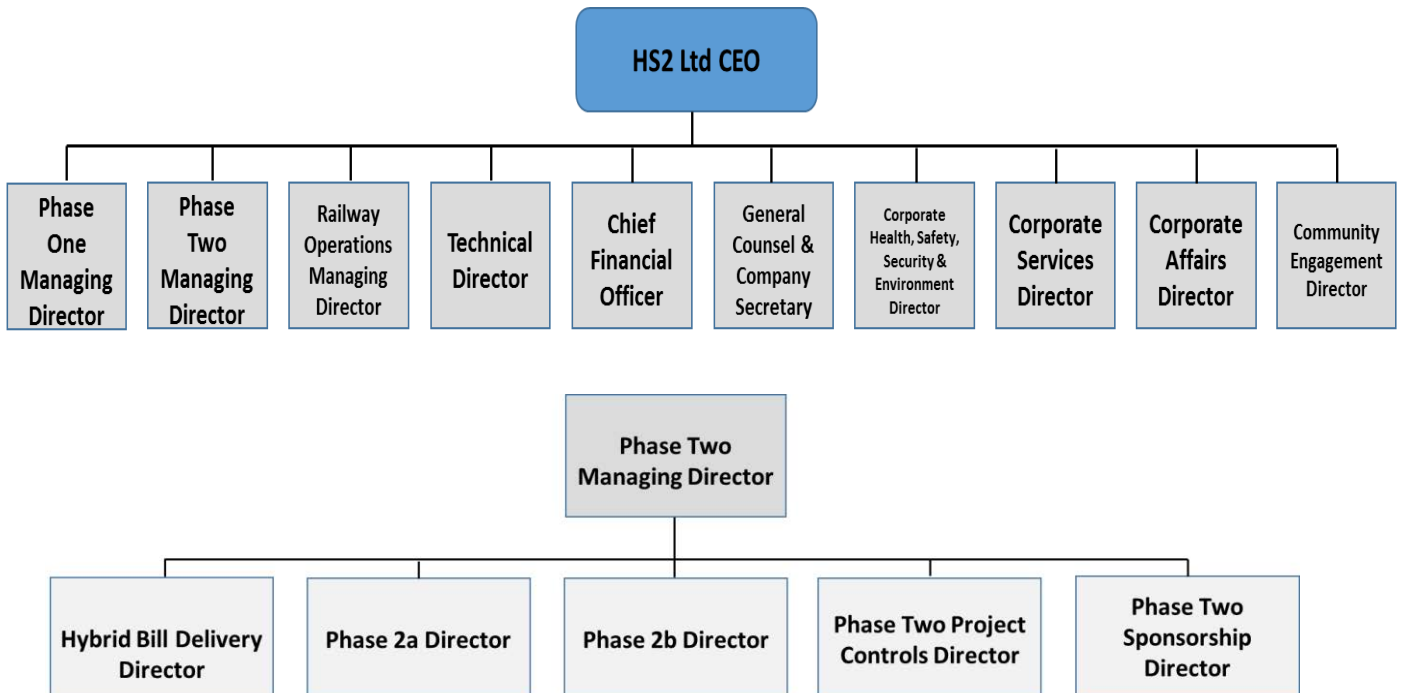

Figure 4: DfT HS2 and Phase Two Organisation

Figure 5: HS2 Ltd and Phase Two Organisation

2.21 As HS2 Ltd is a fast growing organisation we foresee a further level of growth over the coming years to manage the needs of the programme. A summary of activities in these areas of corporate infrastructure can be found in the HS2 Ltd Corporate Plan 2017-2020.

3. Planning and risk management

Planning

3.1 The HS2 programme is an integral part of DfT's work. The programme is run in line with Managing Successful Programmes and Prince 2 methodology.

3.2 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 within HS2 Ltd and DfT

- Ensuring assurance is provided so that the programme continues to have a business justification

- Ensuring stakeholders are involved at the right time and place within the programme

- Capturing and sharing lessons learnt

3.3 The programme is managed through a co-ordinated planning system, covering the programme as a whole and more specific detailed project plans.

- A joint DfT/HS2 Ltd High Speed Rail High Level Programme Plan highlighting key milestones (each RAG rated) and interdependencies is used. The High Level Plan is monitored by the High Speed Rail (HSR) Programme Board on a monthly basis and reviewed weekly as the basis for a weekly monitoring meeting with the senior management team, attended by DfT and HS2 Ltd officials. Workstream plans – outlining the key activities and milestones going forward. Cross DfT-HS2 Ltd plans exist for each specific areas, such as Phase Two. The planning tool in use for all plans is Primavera 6 (P6); this is the planning tool of preference throughout the infrastructure and construction industries.

3.4   The diagram below sets out how reporting of progress against plans, plus risks and issues are managed:
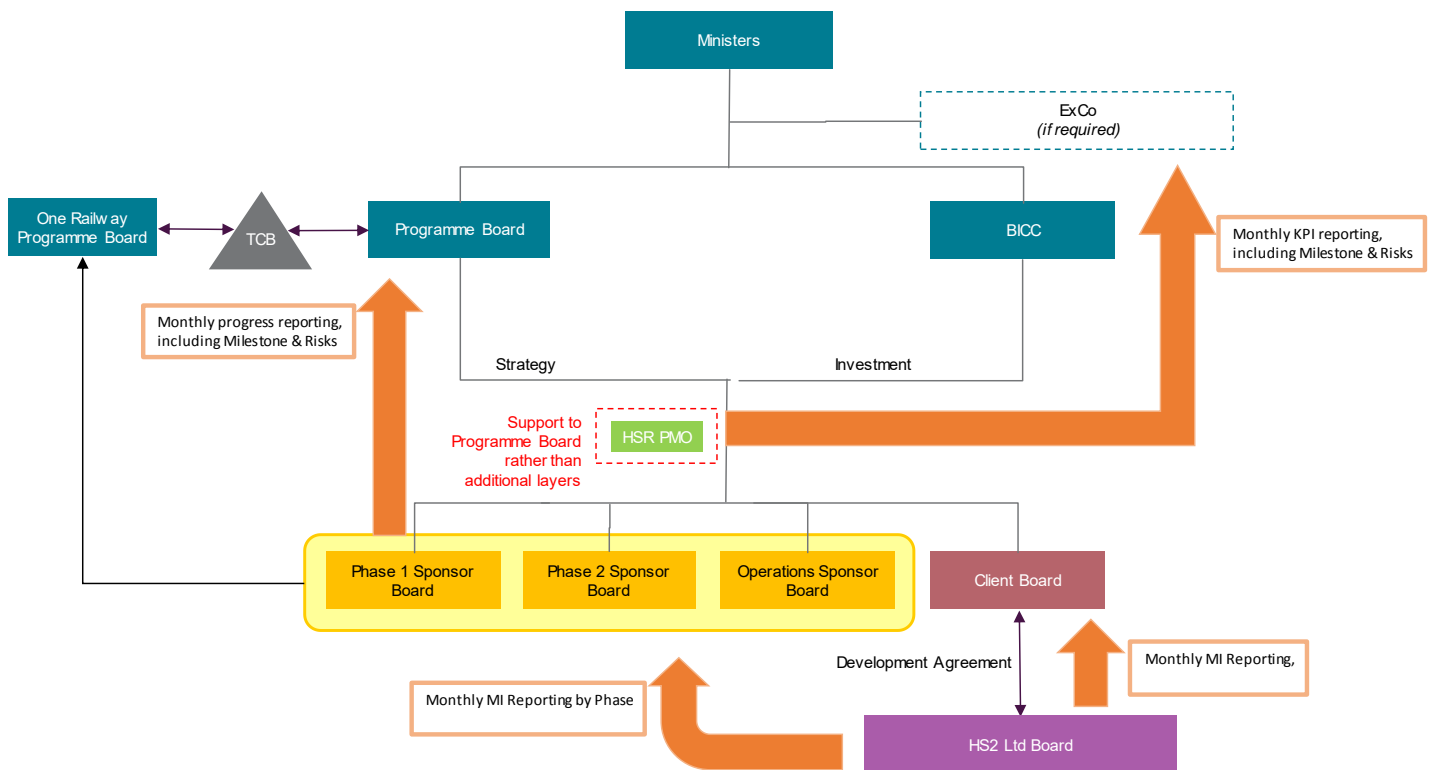
Figure 6: Reporting progress, risks and issues

Risk management

3.5   Risk management is a fundamental principle for the running of the HS2 programme. Integrating risk management into DfT HSR Group and HS2 Ltd's routine management activity of the programme ensures that uncertainty and risk are considered in decision making. The HSR Group Risk and Issues Management Strategy outlines roles and responsibilities and expected behaviours intended to ensure an open and transparent risk management culture.

3.6   The HSR Group and HS2 Ltd have developed separate, but aligned risk management strategies. Each strategy outlines the roles and responsibilities in managing risk, as well as how risks are identified, assessed, addressed and escalated through the programme's governance framework. The strategies include risks both as threats to be managed and opportunities to be exploited.

3.7   The HSR Group's Risk and Issues Management Strategy has been developed in accordance with both the DfT Risk Management Policy and with reference to HS2 Ltd's Risk Management Strategy. HSR Group Directors and HS2 Ltd have been delegated the responsibility for identifying, assessing and managing risks by the SRO for their own work areas or 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.

3.8 HSR Group and HS2 Ltd are responsible for the identification, analysis and management of risk. Risks are identified through specific risk identification workshops, from studies, from the supply chain and on an ad hoc basis. Risks are reviewed as part of a monthly cycle that includes a formal risk review meeting to approve new risks, ownership changes, significant mitigation actions and focus areas. Risks are initially assessed qualitatively for both their current likelihood and consequences and this assessment is used to prioritise risk mitigation effort. Risk management is not limited to the monthly cycle however, and risks are identified, assessed and mitigated as and when they arise without waiting for a formal risk meeting to do so.

3.9 In principle, risks are owned by the individual or organisation best able to manage them and as such may be delegated or escalated as necessary. In some cases, where work scope is provided by the supply chain, risks may be contractually owned by other entities. Where this is the case it is recognised that residual risk impact may reside with DfT or HS2 Ltd even if the risk is transferred. Close liaison between DfT and HS2 Ltd is maintained to ensure visibility of risks.

3.10 Risks are escalated according to the HS2 Risk Management framework that is aligned with the overall HS2 governance framework.

3.11 Risks for reporting and escalation are agreed at each of the monthly risk reviews (for each Phase) reported initially at each Phase Board and subsequently escalated as necessary through both DfT Sponsor Boards and HS2 Ltd boards ensuring visibility and authority for mitigation action is appropriate. This also allows for significant risks within the programme to be visible to other Phases, ensuring consistency of approach and certainty of outcomes.
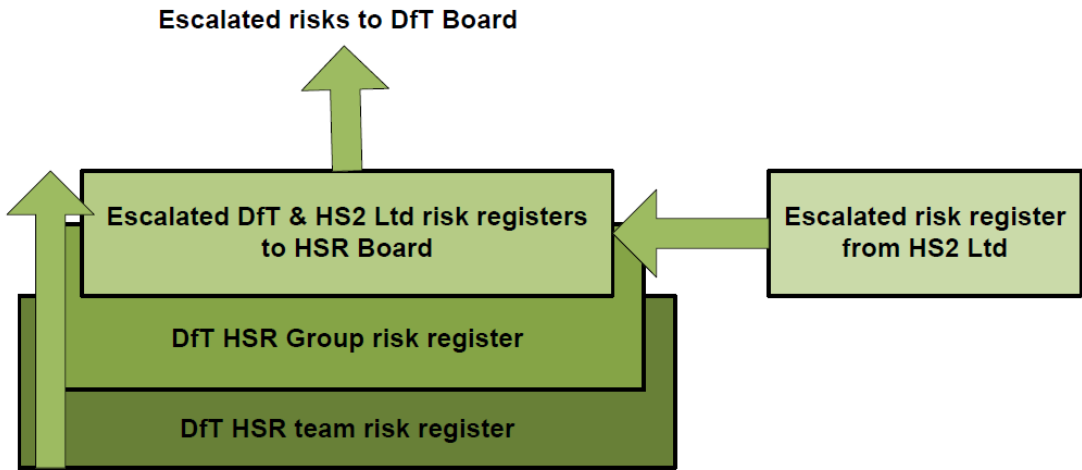

Figure 7: Risk Management

3.12 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.

3.13 HSR Group risks and HS2 Ltd risks are controlled, managed and reported through the DfT's Management Information system. HS2 Ltd risks are held on the HS2 Ltd Risk Management system. This system provides the 'single source of truth' for risk management information relating to HS2 Ltd and key contractors to HS2 Ltd, are instructed to use the system.

3.14 Considerable focus is placed by both DfT and HS2 Ltd on effective and timely mitigating actions for risks. These are articulated with timelines and accountability defined to individuals, which is monitored by teams and the director responsible.

3.15 Within HS2 Ltd the risk process includes quantitative risk analysis (QRA).

3.16 The QRA is a structured methodology for modelling a range of potential outcomes – generally expressed as a cost and/or time range. The outcomes of the QRA include a distribution of outcomes against key schedule milestones and cost elements that illustrate the confidence that can be held against achieving project objectives. Contingency is derived from the QRA although other methods of corroborating the calculated contingency will be used in conjunction (e.g. reference class forecasting, Optimism Bias (OB)). It should also be noted that given the early stage of the programme and the design maturity at OBC, some elements of the cost estimate are not yet mature enough to allow a reasonable application of a QRA – therefore some portion of the contingency remains derived from OB in accordance with Green Book guidelines. A contingency derived fully from QRA is anticipated at Full Business Case stage.

3.17 The QRA also identifies the risk drivers of milestones and cost elements allowing the programme to contrast with the qualitative assessments in the risk register. As the programme matures the QRA will be used to assess and justify proposed mitigations.

3.18 The level of risk derived from both the schedule and cost QRA has informed the level of contingency, which is more clearly set out within the Financial Case.

3.19 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, among other facets of the programme.

Risk Mitigation

3.20 Effective risk management minimises the likelihood of risks occurring and mitigates against their consequences. Risk owners are challenged with identifying and implementing actions to manage risk as part of the monthly risk management cycle. In addition, mitigation workshops are also conducted at key business decision points to help collectively identify mitigation options. Actions that require significant investment of capital or resource may need approval at the appropriate governance level if the value exceeds delegations or approved available contingency funding. Timely completion of actions is critical and a key risk management Key Performance Indicators.

Issue Management

3.21 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 Red, Amber or Green (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.

Change Control

3.22 The Change Control process is documented in the Development Agreement, in Section 8[4].

Delegation and Change Management

3.23 The HS2 Ltd Board, supported by the HS2 Ltd Executive, will oversee and have overall responsibility for ensuring that HS2 Ltd manages within their delegated authority. This Board will also take a view as to whether any change brought to them needs to be escalated to DfT.

Changes to Programme Milestones

3.24 Programme change is managed through the appropriate boards, ensuring that where there are significant or material changes to be made, there is appropriate challenge made to those proposals, and any related consequences can be assessed. For minor changes, with no impact to the key milestones, the organisations manage change to the programme at a working level.

3.25 Requests for changes to programme milestones, which do not affect the high level deliverability dates for the programme, are picked up through the weekly monitoring meetings where the high level plan is reviewed by the senior management team.

3.26 Those requesting changes are required to consider and set out any implications on the wider programme and any financial implications. These changes are reviewed against the previously agreed baseline delivery schedule, and the baseline cost model for Phase Two, as defined in the Development Agreement.

Programme interfaces

3.27 HS2 is being developed in co-ordination with a number of other transport infrastructure projects. The table below sets out the major interfaces for HS2.

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[4] https://www.gov.uk/government/publications/hs2-development-agreement-december-2014

Interface	Scale	Description	Mitigation
Phase 2a			
Crewe Hub	Major	Decision on progressing the business case for a Crewe Hub, and the scope of the scheme, and its interaction with Phase 2a.	Continue to work with DfT, NR and all other interested stakeholders on the development of proposals for a station.
Phase One Interface	Major	Phase 2a is scheduled to open one year after Phase One in 2027 and is adopting its Train Service Specification.	Continue to manage interfaces through both DfT and HS2 Ltd governance structures.
Phase 2b			
Northern Powerhouse Rail (NPR) and Midlands Connect (MC)	Major	There are a number of interfaces between HS2 and the NPR network and MC proposals, in particular options under consideration where NPR/MC would use or partially use HS2 infrastructure.	Continue to work with DfT and Transport for the North (TfN) as the proposed scheme develops and continue to manage interfaces with Midlands Connect.
Programme			
On Network Works (ONW)	Major	Delivery of works on the existing rail network in accordance with the High Level Output Specification (HLOS) requirements. This is particularly relevant to resignalling around Crewe.	Work with Network Rail on developing On Network Works requirements, and delivering HLOS improvements in line with HS2 improvements to deliver greater synergies
West Coast Partnership	Major	Procurement approach and commercial strategy for delivering a partner for the testing and commissioning of HS2 services.	Work with DfT and interested parties that have pre-qualified through the tender process to ensure that they understand the requirements of the programme.

4. Assurance

4.1 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). Integrated assurance and approval is the planning, coordination and provision of assurance activities throughout the lifecycle of a major project.

Programme Assurance within High Speed Rail Group (HSRG)

4.2 The HSRG IAAP is aligned to the DfT's Integrated Approvals and Assurance Strategy (IAAS) and the governance and controls set out in the HS2 programme governance framework. It sets out the activities used to provide assurance to the Senior Responsible Officer, DfT Board, Accounting Officer and broader Government (HM Treasury, Cabinet Office, National Audit Office) that the programme is delivering effectively on key programme aspects, including budget, time and scope. It sets out how assurance activities are used to inform HM Treasury, Cabinet Office and DfT approval points throughout the programme.

4.3 The HSRG IAAP is approved by the DfT HSR Programme Board, and validated by HM Treasury and the Infrastructure and Projects Authority (IPA). The IPA is the Government's centre of expertise for infrastructure and major projects, created to support their successful delivery. Assurance and approvals planning is fully integrated into the programme management process. Key milestones from the IAAP are included within the high level programme plan and regularly monitored. 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.

4.4 The HSRG IAAP specifies the suite of activities that will be used to provide assurance that the programme will deliver 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.

4.5 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 Project Management Office maintains a Consolidated Assurance Action Tracker, to monitor progress on implementing actions and addressing recommendations from assurance activity.

Programme Assurance within HS2 Ltd

4.6 Within HS2 Ltd, assurance is provided in a progressive manner, building up layers as the project progresses through the project lifecycle. HS2 Ltd's Management System forms the basis for its assurance provision. 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.

4.7 HS2 Ltd's Quality and Assurance Strategy, and the supporting Assurance Framework, is based on three key principles: risk-based assurance, assurance by design, and integrated assurance. These principles ensure that assurance aligned with our business priorities.

4.8 HS2 Ltd's IAAP provides a consolidated view of risk-based assurance activity associated with the key milestones and decision points identified within the forward plan for the next 12-months, and in the outline plan for the subsequent 12-months. HS2 Ltd's IAAP covers both the HS2 Programme and the enterprise-wide capabilities required to manage the organisation.

5. Benefits

Benefits Management, Realisation and Evaluation

5.1 The opportunity for HS2 stretches beyond the immediate railway, both in delivering integrated transport benefits, as well as in creating a step change in local growth around the route and delivering wider benefits. The DfT intends to deliver the full range of benefits through the development of a Benefits Management Capability, i.e. the organisational structures, behaviours and culture required to enable the organisations that own the benefits to successfully deliver them.

5.2 This capability will cover all parts of the programme, whether these are the direct benefits delivered by HS2 Ltd and the supply chain, those arising from freed up capacity on the conventional rail network or the benefits catalysed by HS2 in local places, such as jobs and housing.

5.3 There is a considerable overlap between benefits management and evaluation. While Benefits Management Capability will set the approach for realising those benefits that can be actively managed, the evaluation framework will set out the approach to evaluation so that the impacts of the investment can be understood. This will include both benefits that are actively managed as part of the HS2 programme as well as those that we expect HS2 to contribute towards, but which are not suited to management through the HS2 programme (e.g. productivity impacts).

5.4 The DfT will ensure that the work on evaluation is joined up with benefits management and takes advantage of the close links between the two disciplines. Benefits management will collect data that supports evaluation, while evaluation offers the potential to develop further methodological approaches. Together, they can provide a stronger evidence base.

5.5 Whilst the DfT is currently concentrating on developing benefits capability and evaluation for Phase One, DfT expect the same benefits and a similar approach for Phase Two, though with some revised targets and different benefit owners.

Learning Lessons

5.6 As an organisation, the DfT is taking the opportunity to learn from other large infrastructure projects, and from within the project itself.

5.7 Historically, there has been limited focus on benefits until far into the delivery phase of public sector programmes, resulting in a lack of clarity as to whether

these programmes have delivered their original objectives and business case benefits.

5.8 The table below details some specific challenges and the actions the Department is taking to mitigate them.

Challenge Identified	Mitigation actions
Allocating clear roles and responsibilities for the delivery of benefits and holding responsible parties to account.	Each activity that contributes to a programme benefit will have a responsible benefit owner identified, as well as an accountable senior official. The Department will clearly attribute accountability at programme level where multiple organisations contribute.
Maintaining a focus on the goals and objectives of the product and delivery of benefits throughout the programme's life cycle and beyond.	The DfT has developed Strategic Goals and Objectives, which provide a link between the Business Case and the Benefits Register and through the Strategic Objectives, include measures that will be used to drive supplier performance.
Clarifying how success will be measured and maintaining historical data and information to quantify outcomes.	The DfT is identifying targets and measures through benefit profiling and is also developing systems to store benefits data.
Planning for and undertaking systematic evaluation of benefits to understand their impacts and learn lessons for the future.	The DfT is currently developing a comprehensive framework to set out how we intend to evaluate HS2, focusing on both impact and process evaluation.

Scope

5.9 The Benefits Framework will cover all benefits set out in the Business Case for HS2 that were used to justify the investment. This includes those monetised as part of the Benefits Cost Ratio (BCR) within the Economic Case as well as those that have not been monetised. However, benefits from HS2 go further than these and include those that have been enabled by HS2.

5.10 To make sure the DfT delivers transformational benefits from HS2, our strategy will cover both the Core Programme Benefits delivered through the direct investment in HS2 (i.e. the £55.7bn budget) and the Wider Programme Benefits i.e. those benefits catalysed by HS2 but requiring additional investment by others, e.g. The National College for High Speed Rail.

Principles of Benefits Management

5.11 The DfT is developing a programme wide capability for realising benefits across the programme lifecycle and beyond.

5.12 To deliver this, our approach is structured around five principles, which directly address the lessons learned from other projects and will drive the ability of the programme to realise benefits. They are summarised below:

- **Principle 1: Accountability follows funding** - Those funding the benefits will be accountable for their realisation
- **Principle 2: Benefits-led decisions** - Decision-making will be expected to optimise overall benefits from the Core and Wider programmes
- **Principle 3: Continuous improvement** -The Core and Wider programmes will continuously strive to find additional benefits
- **Principle 4: Benefits-led performance** - The realisation of benefits will be at the heart of the Core and Wider programmes' performance management
- **Principle 5: Monitored regularly** - Best-in-class integrated benefits reporting will help accountable and responsible parties realise benefits

5.13 To ensure that the DfT has identified the benefits HS2 will realise, DfT have developed a Benefits Register. The Department is developing profiles for each benefit on this register, which will set out the measurable target, the activities that contribute to its realisation and the owner who is responsible for delivery.

5.14 The DfT has also developed Strategic Goals and Objectives which provide a concise but comprehensive summary of the commitments and aspirations outlined in HS2's Strategic Case and Economic Case. These provide a direct link between the benefits the DfT are managing and evaluating in the register and the Business Case.

Principles of Evaluation

5.15 Within the HS2 programme the DfT are developing an approach to evaluation that builds upon and complements its approach to benefits management and will:

- Show the impacts of our spend
- Provide lessons that will benefit future phases of HS2, other major rail and transport programmes and non-transport infrastructure projects
- Enable us to effectively communicate the benefits to the public and other stakeholders.

5.16 To help successfully deliver evaluation, the Department has developed six key principles:

- **Principle 1: Evaluation builds on Benefits Management** – Our work on benefits will provide a strong basis, especially in provision of robust data.

- **Principle 2: The Department will be clear on the scope of what it is evaluating -** covering both the Core and Wider programme.

- **Principle 3: Evaluation will be supported by robust and proportionate analysis –** The DfT will be clear on the questions it wants to ask and the data needed to answer them.

- **Principle 4: The Department will learn lessons and set new standards for major transport projects –** The DfT has ambitions to improve upon what has gone before and look at wider economic and transformative impacts.

- **Principle 5: Confidence comes from effective communication and stakeholder engagement –** The DfT will build consensus about approaches and communicate the evidence to help future decisions.

- **Principle 6: Our approach will be sustainable over the long term –** where possible the DfT will use common data, and ensure it effectively collects and stores it for future use.

6. Communications and Stakeholder Engagement

6.1 Throughout the development of the HS2 programme, HS2 Ltd has undertaken a significant amount of engagement with local stakeholders, affected directly or indirectly by the scheme. The building of this transformational railway will affect many people in many ways, so it has been vital that engagement has been undertaken on a progressive and continuous basis.

6.2 The overall communications strategy is based on a clear explanation of the case for HS2; as well as sensitive and timely engagement with local communities on the issues most relevant to them. We brief and engage on the case widely, correcting inaccuracies when appropriate and take an all multi medium approach (including set-piece events such as consultations).

6.3 On Phase 2a, since the announcement of the route in November 2015, there have been three consultations on the route.

6.4 On Phase 2b, since the announcement of the Government's preferred route in November 2016, we have held consultations about the route and the property compensation schemes. A total of thirty-six information and engagement events were held at venues along the whole Phase 2b line of route. In total, over twenty-thousand people attended these events, including a record attendance of over two thousand at a single event.

6.5 Our strategy, whilst flexible to the programme's evolving priorities, is underpinned by clear roles and responsibilities between HS2 Ltd and DfT. We have, which we will keep under review, an agreed action plan for delivery with clear management and success measurement.

6.6 DfT takes a leading role in engaging with Parliament, other Government departments, and other key stakeholders. HS2 Ltd complements this DfT 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.

6.7 Stakeholders are broadly segmented as follows:

- Local communities
- MPs and Peers
- Businesses
- Supply chain industry
- Academia
- Campaign Groups
- Environmental Groups
- Other non-government organisations

6.8 Informing and facilitating the engagement strategy is a 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
- Sensitive and timely provision of information to local communities leading to improved dialogue and stronger relationships.
- A proactive media strategy explaining significant milestones in the delivery programme
- A developing social media strategy that makes full use of digital communication tools
- A strong brand for HS2

Building Capacity and Capability - DfT

6.9 Since its inception the High Speed Rail (HSR) Group has expanded rapidly under its latest organisational structure of five Directorates: Phase One, Phase Two, Operations, Strategy & Benefits and Programme & Funding. To date the team has grown to over 160 people (this includes civil servants, consultants, contractors and secondees), ensuring DfT has appropriate and robust resources in place to deliver the HS2 programme within the DfT.

6.10 This enables a close working relationship between HS2 Ltd and the Sponsor.

6.11 Ensuring that we get the right people in the right place at the right time is a top priority for the programme. A Programme Development and Resource Management team has been set up to lead on the development and implementation of a capability strategy. This strategy has been set up to show how the HSR Group manages and develops its 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.

Building Capacity and Capability – HS2 Ltd

6.12 Within HS2 Ltd, we have developed a similar model, ensuring that they are growing resources for the future, and that they have the right resources in place for each phase of the programme. In 2016, HS2 Ltd commenced a graduate training programme in which a group of talented graduates are taken on each year, and spend time throughout the organisation learning in a number of areas.

6.13 Noting that the organisation will include each Phase of the programme, each with varying degrees of maturity, HS2 Ltd has been developed to account for this.

6.14 Phase One is now preparing to undertake construction activity, having secured Royal Assent for the hybrid Bill. The resources and skills set within the team reflect the ongoing commercial/contract management and engineering capability required to oversee the construction of the route between London and Birmingham.

6.15 Phase 2a, has now deposited its hybrid Bill into Parliament. Following the deposit of the Bill, there will be two distinct strands of work for Phase 2a: Hybrid Bill Passage and Preparation for Construction.

6.16 It is proposed that passage of the hybrid Bill will be managed under the Phase Two Managing Director, whilst preparation for construction will be managed under the Phase One Managing Director. In this proposal, Phase 2a construction will become a sub-set of the northern most area within Phase One.

6.17 There will need to be close working between both elements in order to ensure a coherence in;

- The continuing design, with a single guiding mind for Construction (Design and Management);

- Regulations;

- Management of petition risk and any Additional Provisions being developed; and,

- Engagement.

6.18 For Phase 2b, HS2 Ltd has now appointed their Development Partner. Together with the Professional Service Contractors, they will provide the expert engineering and environmental support needed to take forward the development of the route north of Crewe to Manchester and from the West Midlands to Yorkshire. This will allow HS2 Ltd to flex staffing requirements as the programme develops.

Document Control

6.19 Document Control provides a framework for ensuring documents are created and managed effectively. A document control framework 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

6.20 The arrangement established by HS2 Ltd for the control of documents is described within its document management procedures. These practices will provide appropriate audit trails to ensure that the development of the scheme and changes in design (including engagement with stakeholders) are accounted for and evidenced.

6.21 The procedures explain 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.